THE FINANCIAL SERVICES COMMISSION OF ONTARIO

ANNUAL REPORT 2002-2003

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ANNUAL REPORT 2002–2003
SUPERINTENDENT'S REPORT ON INSURANCE 2002

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Message from the Chair and the Chief Executive Officer

As the fifth annual report of the Financial Services Commission of Ontario (FSCO), this document reports on FSCO's activities for the fiscal year April 1, 2002 to March 31, 2003. This report provides the financial details and activities that comprise FSCO's commitment to sustain public confidence in the sectors it regulates.

Throughout 2002-2003, FSCO continued to foster fair, efficient and effective financial services by maintaining a constructive and responsive presence in Ontario's financial services marketplace.

With the support and co-operation of its stakeholders, FSCO delivered its mandate and fulfilled its vision, while taking into account a number of key challenges in the environment.

Convergence and harmonization

We entered the year realizing that financial institutions continued to develop products and services that crossed traditional sectoral boundaries. In addition, the effects of globalization and consolidation were continuing to challenge the status quo.

Our regulatory frameworks were originally based on the traditional four pillars of the financial sector – banks, trust companies, insurers and securities firms. Similar products providing similar services often received different regulatory treatment. Regulators recognized the need to provide a more efficient and cost-effective regulatory regime that would harmonize standards across sectors and jurisdictions.

During the year, FSCO participated with other regulators and stakeholders on a range of projects to harmonize regulation and reduce duplication and overlap. These initiatives included:

- Consulting on sales principles and practices, and point of sale disclosure to harmonize the regulation of mutual funds and segregated funds (also known as individual variable insurance contracts or IVICs).
- Revising principles for pension plan governance and guidelines for the development of a model pension law.
- Developing an agreement on harmonized classes of insurance and definitions.

Challenging market conditions

Both the Canadian and Ontario financial outlooks remained relatively strong throughout 2002-2003, despite elements of economic uncertainty. Nevertheless, the sectors FSCO regulates experienced pressures such as rising costs; increased competition; changing demographics; the impact of technology; and the costs and complexities of regulatory structures. In this environment, the over-arching challenge was to work together with the regulated sectors to respond effectively to current market realities.

Since it was created in 1998, FSCO has cultivated a dynamic culture of cooperation and consultation. FSCO's accomplishments have been possible with the advice and support of the industry, consumers, other stakeholders and FSCO staff. By working together, FSCO is in a better position to anticipate and respond to changing market realities.

Regulatory Issues

Maintaining healthy and dynamic markets while protecting consumers through relevant regulation remained a central concern to FSCO throughout 2002–2003. This regulatory responsibility must take into consideration both the realities of an uncertain market and the demands of an effective consumer protection regime.

During the year, FSCO worked on a range of regulatory issues that are important to Ontarians. For example, we:

- Provided policy support in the ongoing reform of automobile insurance in Ontario and implemented changes to the insurance system such as: developing a framework for administering a filing process for paralegals; establishing pre-approved guidelines for whiplash associated disorders; and revising automobile insurance forms.
- Established a role for the Motor Vehicle Accident Claims Fund (MVACF) in delivering Statutory Accident Benefits (SABs) on behalf of insurers that are insolvent.
- Expanded the risk-based approach to pension supervision through the initiation of the Investment Monitoring Project.

Regulatory policy will continue to be a challenge because it must accommodate the complex financial and economic issues facing the regulated sectors while protecting consumers. Sustaining public confidence in Ontario's regulatory framework for financial services is an ongoing key objective for FSCO.

Technology

FSCO has a responsibility to provide its stakeholders and consumers with access to enhanced electronic communications regarding FSCO's core activities. Again this year, face-to-face marketing of financial products and services was supplemented by marketing channels such as the Internet, direct mail and telephone. In addition, insurance providers increasingly dealt with their suppliers and partners electronically. The financial services industry expects regulators to be capable of dealing with its stakeholders electronically as well.

To enhance the delivery of services to customers, FSCO successfully developed and implemented the following technological innovations:

- Pension Plans Facility, which includes a web link that provides access to information about Ontario-registered pension plans.
- Pilot test of the Automated Rates and Classification Technical Information Communication System (ARCTICS), a web-based electronic filing system for automobile insurance filings.
- Phase II of the Internet Application System (IAS), which enables insurance company staff to initiate the licensing process for prospective new agents, or to transfer or terminate an agent's sponsorship, via the Internet.

FSCO's innovation in serving clients was recognized in 2002. The Ontario Public Service Quality Fair awarded Silver Certificates to FSCO for ARCTICS and the Internet Application System.

Consumers

During this time, consumers on the whole continued to increase access to technology and sophisticated information. They assumed a greater role in the decision making process for their financial services. This shift in interest and, ultimately, responsibility, provided a strong incentive for consumers to understand both the markets as well as the role of the regulator. Financial services consumers will continue to expect the regulator to maintain the integrity of the system, and financial intermediaries to be competent and knowledgeable.

Throughout the fiscal year, FSCO participated with other regulators and the industry on a range of projects to improve customer service for financial services consumers. For example, with other regulators across Canada, we:

- Created the Financial Services OmbudsNetwork (FSON), a national single-window service for consumers to turn to for help with complaints about financial services in Canada. In support of FSON, FSCO modified its Insurance Ombudsman services process.
- Implemented the Life Licence Qualification Program (LLQP) on a mandatory basis across Canada, in January 2003, which standardized qualifications for people becoming life agents.

Public confidence rests on FSCO's ability to ensure high standards of consumer protection while maintaining a dynamic and competitive financial services marketplace. This balanced approach is necessary to ensure that consumers continue to benefit from the services provided by the financial services industry.

LOOKING AHEAD WITH THE COMMISSION

In September 2002, Bryan Davies became Superintendent of Financial Services and Chief Executive Officer. He succeeded acting Superintendent and CEO Phillip Howell, who returned to his position at the Ministry of Finance as Assistant Deputy Minister and Chief Economist in the Office of Economic Policy.

In the year ahead, FSCO will continue to improve the efficiency and effectiveness of the regulatory system. FSCO is committed to fostering a healthy and competitive financial services sector that protects the interests of the consumers and pension plan beneficiaries it serves.

Martha Milczynski
Chair
Financial Services Commission of Ontario
Financial Services Tribunal

Bryan Davies
Chief Executive Officer
Financial Services Commission of Ontario
Superintendent of Financial Services

FSCO's Mandate, Structure and Resources

The Financial Services Commission of Ontario (FSCO) is an arm-length's agency of the province's Ministry of Finance. It is a regulatory and adjudicative body established under the *Financial Services Commission of Ontario Act, 1997* (the "FSCO Act").

FSCO regulates insurance, pension plans, credit unions, caisses populaires, mortgage brokers, co-operative corporations and loan and trust companies in Ontario. FSCO's mandate is to protect the public interest and enhance public confidence in the regulated sectors. To do this, FSCO provides regulatory services that protect financial services consumers and pension plan beneficiaries and support a healthy and competitive financial services industry.

FSCO is comprised of three elements: the five-person Commission or "Board," the Superintendent of Financial Services and staff, and the Financial Services Tribunal (FST).

The Board has a number of responsibilities under the FSCO Act, such as publishing FSCO's annual Statement of Priorities and making recommendations to the Minister of Finance on matters affecting the regulated sectors.

The Chief Executive Officer and Superintendent of Financial Services is responsible for the general supervision of the regulated sectors; the administration and enforcement of the FSCO Act and other statutes governing the regulated sectors; and FSCO's financial and administrative affairs. The staff of FSCO supports the Superintendent in carrying out these responsibilities.

The FST is an adjudicative body that conducts hearings arising from regulatory and proposed regulatory decisions of the Superintendent.

FSCO's offices are located in north Toronto. As of March 31, 2003, the agency had 422 full-time employees and an annual budget of $39.5 million. FSCO's costs are recoverable from the regulated sectors.

Ontario

The Regulated Sectors in Profile

The financial services sector regulated by FSCO is a dynamic industry that contributes to the strength of Ontario's economy as a major employer, as a source of investment and by providing important financial services to individuals, families and business.

Pension Plans

Workplace pension plans are an important part of retirement financial security in Ontario. FSCO regulates all Ontario-registered pension plans. The province's ten largest public sector pension plans have a combined membership of 1,033,000 and $146 billion in total assets at market. The ten largest private sector pension plans have a combined membership of 195,000 and $30 billion in total assets at market. The largest five multi-employer pension plans registered in Ontario have a combined membership of 325,000 and $4.5 billion in total assets at market.

Most pension plan members belong to one of the following types of plans:

- Defined benefit plans, provide a predetermined benefit level during retirement.
- Defined contribution plans, have specified contribution amounts and provide benefit payments based on accumulated contributions plus investment yield.
- Multi-employer pension plans, either defined benefit or defined contribution, are established primarily in industries or trades where workers tend to change employers frequently.

In 2002-2003, the total number of pension plans decreased by one percent to 6,176 while total active plan membership increased by two percent to 1.99 million members.

The distribution of plan membership between the different plan types remained consistent with the previous year. While active multi-employer pension plans (MEPPs) represented only two per cent of the total number of active registered plans, they accounted for 43 per cent of the total active plan membership.

Ontario Registered Active Pension Plans and Membership

Type	*As of March 31, 2003*		*As of March 31, 2002*	
	#	*% of Total*	*#*	*% of Total*
- Defined Contribution Plans	3,351	54%	3,383	54%
- Members	267,237	13%	246,586	13%
- Multi-Employer Defined - Benefit Plans	84	1%	86	1%
- Members	832,127	42%	680,695	35%
- Defined Benefit Plans	2708	44%	2,735	44%
- Members	875,145	44%	1,019,990	52%
- Multi-Employer Defined - Contribution Plans	33	1%	35	1%
- Members	19,161	1%	16,545	1%

Insurance

Insurance is a $27 billion industry in Ontario, with premium volumes increasing more than 12 per cent in 2002. The value of premiums remains evenly split between life insurance companies and property & casualty (including automobile) insurers. This breakdown indicates a mature market with strong competition and a diversity of product lines. As of March 31, 2003, there were 398 insurance companies licensed to do business in the province.

Insurance Companies Licensed in Ontario

Business Type	*As of March 31, 2003*	*As of March 31, 2002*
Life	100	104
Property & Casualty	217	221
Other	81	83
Total	398	408

Direct Insurance Premium Volume in Ontario

Business Type	*2002 $ Billion*	*2001 $ Billion*
Life	13.4	12.3
Property & Casualty	14.1	11.8
Other	.2	.2
Total	27.7	24.3

Deposit Institutions, Mortgage Brokers, Co-operatives

Ontario's 262 credit unions and caisses populaires held total assets of $18.3 billion as of March 31, 2003. The trend toward amalgamation continued, with credit unions and caisses populaires increasing their total assets during 2002-2003, despite a decrease in their number. Regulatory capital[1] in support of deposits represented 6.84 per cent of system assets in 2003, up from 6.78 per cent in 2002 and 6.70 per cent in 2001, reflecting a sound industry. Membership in credit unions and caisses populaires remained steady at about 1.6 million.

As of the end of the fiscal year, the two Ontario-incorporated loan and trust companies had assets totaling $443.8 million. Of this amount, 82 per cent was in mortgage loans and 18 per cent in other loans and investments.

Twenty-four new co-operatives were incorporated during 2002-2003 – ten in financing, four in marketing, three in housing, two worker, two service and three in farming. There was also one amalgamation. In all, there were 1,701 co-operatives in Ontario as of March 31, 2003.

At fiscal year end, 487 mortgage brokers were registered in the province, up from 414 the year before. The total value of mortgages administered rose to $30 billion, from $18 billion a year earlier.

[1] Under Ontario Regulation 76/95 of the *Credit Unions and Caisses Populaires Act, 1994*, credit unions and caisses populaires are required to maintain adequate regulatory capital, that is, capital equal to at least five per cent of total assets. Under FSCO policy, this is determined using a set of rules based upon standards developed by the Bank for International Settlements (BIS).

Ontario Credit Unions and Caisses Populaires

Measure	*As of March 31, 2003*	*As of March 31, 2002*
All Institutions		
Total number	262	283
Total assets	$18.3 billion	$17.3 billion
Institutions with Assets over $10 million		
Number	176	177
Assets	$18 billion	$17 billion

FSCO at Work

FSCO does a variety of work in fulfilling its mandate to protect consumers and pension plan beneficiaries and support a healthy and competitive financial services industry. The following overview reports on FSCO's work during 2002-2003 in these areas:

1. Licensing and monitoring
2. Enforcement
3. Overseeing pension plans
4. Support for the automobile insurance system
5. Dispute resolution and complaint services
6. Policy development
7. Consumer protection through education
8. Maximizing the effectiveness of organizational resources

1. Licensing and Monitoring

As part of protecting the public, FSCO licences, registers and monitors individuals and enterprises offering financial services. Through field examinations of insurance companies, pension plans, mortgage brokers, credit unions and caisses populaires, FSCO monitors compliance with legislation and regulations.

During the fiscal year, FSCO conducted 24 pension plan examinations aimed at pension plans with issues regarding the non-remittance of pension contributions. Further examinations focusing on multi-employer pension plans will be conducted in the 2003-2004 fiscal year.

In 2002-2003, FSCO received more than 21,000 licensing, registration and other applications. Applicants must meet requirements under the relevant statutes, which may include a qualifying examination and continuing education.

Use of FSCO's Internet Application System continued to be strong. By year end, approximately 32 per cent of all life insurance agent licence renewals were processed over the Internet. This included agents moving from a sponsored agent status to unsponsored agent status.

Licensing and Registration

Activity	*2002-2003*	*2001-2002*
Individuals		
New Licences Issued		
Life agents	6,343	4,748
General agents	750	771
Accident and sickness agents	359	290
Adjusters	200	207
Licences Renewed		
Life agents*	13,466	4,914
General agents*	1,887	1,761
Accident and sickness agents	126	170
Adjusters	1,156	958
Moves from Life Agent		
Level I to Level II	2320	2,160
Corporations		
New Licences Issued		
Life and general agencies	315	266
Corporate adjusters	2	4
Loan and trust companies	4	6
New insurance companies	5	7
New Registrations Issued		
Mortgage brokers	73	56
Licences Renewed		
Life and general agencies*	1,988	707
Corporate adjusters	127	126
Registrations Renewed		
Mortgage brokers	414	446

*Licences are issued for a two-year term. As a result of changes implemented in 1995, there are high-year and low-year cycles. 2002-2003 was a high year.

Co-operatives		
Offering statements	18	16
New incorporations	24	13
Dissolutions/cancellations	49	109
Credit Unions/Caisses Populaires		
New incorporations	1	0
Applications to change line of business	130	135
Mergers	18	21

*Licences are issued for a two-year term. As a result of changes implemented in 1995, there are high-year and low-year cycles. 2002-2003 was a high year.

Monitoring Activities

Activity	*2002-2003* #	*2001-2002* #
Examinations Conducted		
Insurance companies – solvency	35	36
Statutory accident benefits claims practices	14	11
Pension plans	24	10
Mortgage brokers	45	37
Credit unions/ caisses populaires	3	15
Loan and trust companies	2	3
Police Checks of Agent Licence Applicants	20,235	8,275
Audits re Life Agent Continuing Education	883	692
Audit re Life Agent Errors & Omissions Insurance	2,288	n/a
Complaint Reviews	138	156

2. Enforcement

As part of providing regulatory services to protect consumers and enhance public confidence, FSCO investigates and takes enforcement action where there is non-compliance with legislation and regulations. During 2002-2003, FSCO secured a total of 19 convictions or guilty pleas for offences ranging from acting as a mortgage broker while unregistered, to furnishing false information on an insurance licence application. FSCO continued to take aggressive enforcement action in the pension area, leading to successful prosecutions for non-compliance with filing requirements.

Advisory Boards hold hearings on the conduct and licensing of insurance agents and adjusters, and make recommendations to the Superintendent of Financial Services. The Boards are composed of a representative of insurance agents or adjusters, a representative of insurers and a representative of the Superintendent. The majority of cases are resolved by minutes of settlement, without going to an Advisory Board. In 2002-2003, there were five new requests for hearings before an Advisory Board. The outcomes of these five cases were: one matter settled prior to the hearing; one matter had a pre-hearing and motion and was subsequently adjourned; one matter went to hearing and a decision was issued; and two matters did not go to hearing until the next fiscal year. Two hearings were held during 2002-2003 on requests from the previous fiscal year. Decisions were issued on both of these matters.

Enforcement Actions

Type	*2002-2003*	*2001-2002*
Licences Revoked	12	21
Licences Surrendered	23	2
Licences Suspended	15	25
Prosecutions Completed	19	32
Cease and Desist Orders	1	0
Licence Conditions via Minutes of Settlement	4	6
Letters of Censure	68	40
Revocation of Agent Sponsorship	5	8
TOTAL	147	134

3. Overseeing Pension Plans

The Pension Division monitors and enforces compliance with the *Pension Benefits Act* and Regulations, which, among other things, sets minimum standards for the administration and funding of private pension plans. Under the Act, the Superintendent of Financial Services makes regulatory decisions on various plan transactions.

The Pension Division processes routine pension plan filings, which totalled 17,780 in 2002-2003. When companies become insolvent, the Superintendent normally appoints a third-party administrator to ensure that the plans are properly wound up. As of March 31, 2003, the Pension Division was coordinating the administration of 207 pension plans for insolvent companies.

Also administered by FSCO, the Pension Benefits Guarantee Fund (PBGF) is a pension protection fund established under the Act. The PBGF provides a minimum level of protection to members of single employer defined benefit plans when they wind up in whole or in part and the pension fund does not have sufficient assets to pay the promised pensions. PBGF financial statements may be found on pages 47-51 of this annual report.

In addition to the work described above, the Pension Division processed the following transactions in the fiscal year of 2002-2003.

FSCO: Pension Plan Transactions Processed

Type	*2002-2003*	*2001-2002*
New plans registered		
Defined benefit	134	181
Defined contribution	122	143
Total	256	324
Plan amendments registered	2,652	3,153
Full wind-ups processed		
Defined benefit	102	97
Defined contribution	161	180
Total	263	277
Partial wind-ups processed		
Defined benefit	48	59
Defined contribution	41	52
Total	89	111
Plan mergers/asset transfers approved		
Defined benefit	129	128
Defined contribution	61	62
MEPP	3	0
Total	193	190
Surplus refunds to employers on full wind-up applications		
Defined benefit	9	16
Defined contribution	4	2
Total	13	18

Pension Benefits Guarantee Fund

Claims Paid	*2002-2003*	*2001-2002*
Number	10	10
Total value	$2,923,005	$4,172,699

Risk-Based Pension Supervision

The database and risk selection system for monitoring the funding of defined benefit pension plans is in its third year of operation. This system helps determine which pension plans require more regulatory attention because of their funded status. It has enhanced FSCO's capabilities in monitoring and ensuring compliance with the funding requirements prescribed under the Act, further protecting the interests of plan beneficiaries.

Highlights of the risk-based funding monitoring in 2002-2003 were:

- actuarial information summary reports for 1,305 plans were entered and screened through the system;
- out of the 1,305 plans screened, the system gave warning signals of possible problems with 506 plans;
- FSCO took regulatory action on 189 plans where material compliance concerns were revealed;
- compliance was achieved on virtually all of the plans with material concerns, through remedial actions taken by the plan sponsors, administrators and/or actuaries; and
- FSCO uncovered a total of $34.3 million in unpaid contributions in respect of 51 plans, which have since been remitted to the pension plans by the plan sponsors.

Building on the success of the risk-based supervision of pension plan funding, FSCO commenced the development of a risk-based pension fund investment monitoring program that would focus initially on defined benefit pension plans. This program will look at the risk level of pension plan investments to determine whether more regulatory attention is needed. Following industry consultation, FSCO aims to implement the finalized investment monitoring program in 2004.

Regulatory Policy Initiatives

Following the decision of the Ontario Court of Appeal in the *Monsanto* case in November 2002, which supported FSCO's position that surplus must be distributed on the partial wind up of a pension plan, FSCO staff began work to review existing policies and develop new policies to address the implications of the Court's decision and to deal with the existing 267 partial wind up cases that are before FSCO. Staff are continuing their work on this initiative pending the outcome of the appeal of this case to the Supreme Court of Canada.

In addition, the following new pension regulatory policies were published by FSCO:

- Extension of Deadline for Filings
- General Requirements for Locked-In Accounts
- Locked-In Retirement Accounts (LIRAs)
- Pregnancy, Parental and Emergency Leave
- The Life Income Fund (LIF)
- 2003 LIF Maximum Payment Amount Table
- Requirement to File Pension Plan Financial Statements or Pension Fund Financial Statements
- Electronic Communications Between Plan Administrators and Plan Beneficiaries.

Enhancing Service

In 2002-2003, a framework was created to reduce the number of pension plan submissions that were outstanding. The benefits of this work will be seen in the 2003-2004 fiscal year. The Operations Unit of the Pension Plans Branch was re-organized and the position of Pension Analyst was created to better regulate defined contribution pension plans.

To further enhance its customer service, FSCO has commenced the development of its Pension Web Link which will be introduced in September 2003. It will be accessible through the FSCO website and available around the clock. The Pension Web Link has been developed to provide pension stakeholders, plan members and other interested individuals with access to information related to most pension plans registered in Ontario.

Financial Hardship Unlocking Section

The Financial Hardship Unlocking Section was created in May 2000 to allow individuals access to their locked-in accounts in certain prescribed conditions of financial hardship. FSCO has seen a steady increase in applications since inception of the program, as outlined below:

	2002-2003	*2001-2002*
Applications Received	8,226	7,168
Applications Approved	7,155	6,225
Applications Refused	166	128

4. Support for the Automobile Insurance System

It is compulsory to have automobile insurance to drive in Ontario. To protect the public interest, FSCO has significant responsibilities in this area.

Reviewing Auto Insurance Rates

To protect consumers, automobile insurers are required to obtain FSCO's approval for changes in their rates or systems for classifying risks. In 2002-2003, the rate review process saved consumers an estimated $32.8 million, based on the difference between rates as originally submitted and finally approved.

As of March 31, 2003, the average cost of automobile insurance in Ontario was 19.2 per cent higher than a year earlier. This level represents a 20.1 per cent increase since the implementation of the *Automobile Insurance Rate Stability Act* in late 1996.

This was the second year for FSCO's Respond to Market (R2M) process for filing private passenger auto insurance rate changes, available to insurers meeting certain criteria. R2M enables companies to respond more rapidly to market trends, as less detailed filing information is required and the FSCO review process is quicker. In January 2003, FSCO released updated R2M criteria for rate filings with renewal effective dates after January 1, 2003.

Automobile Insurance Rate Filings Processed

Measure	*2002-2003*			*2001-2002*		
	Major Filings	*Respond To Market (R2M)*	*Total*	*Major Filings*	*Respond To Market (R2M)*	*Total*
Private-passenger automobile						
Rate filings received	81	48	129	83	35	118
Average number of days between receipt of filing and filing considered complete	9	2	6	6	7	6
Average number of days to review and approve filings	40	11	29	45	12	36
Filings with rate increases	71	46	117	72	31	103
Filings with rate decreases	2	0	2	3	0	3
Filings with no change to rate levels	8	2	10	8	4	12

Measure	*2002-2003*	*2001-2002*
Non-private-passenger automobile		
Rate filings received	286	262
Average number of days between receipt of filing and filing considered complete	7	6
Average number of days to review and authorize filings	28	25
Filings with rate increases	204	185
Filings with rate decreases	26	24
Filings with no change to rate levels	56	53

Monitoring Designated Assessment Centres

Designated Assessment Centres (DACs) are independent health care centres that provide impartial assessments of automobile accident injuries to help claimants and insurers resolve disputes about statutory accident benefits. FSCO provides support for the Minister's Committee on the DAC System, which was created by and reports to the Minister of Finance. The Committee appoints DACs to the roster, specifies the types of assessment each can conduct and develops assessment guidelines. FSCO supports the Committee in overseeing and monitoring DACs and reviewing complaints about DACs.

During 2002-2003, a number of quality assurance programs for DACs were introduced, including a DAC self-audit program to assist DACs in meeting quality and service delivery standards. The Self Audit program also introduced a DAC Activity Report that enabled Medical/Rehabilitation DACs to measure their performance against other Medical/Rehabilitation DACs.

During the year, the Medical/Rehabilitation DAC Report Style, Format and Content Guide was released to standardize and improve the quality of medical and rehabilitation DAC reports.

Two General Guidelines also were released that provide direction on completing the Automobile Insurance Standard Invoice and providing an overview of the time lines for conducting DAC assessments under the Statutory Accident Benefits Schedule.

*Designated Assessment Centres**

Measure	*2002*	*2001*	*2000*
Total number of DACs	107	108	119
Referrals to DACs	18,703	13,355	11,394
Assessments completed	13,410	9,750	8,480
Number of complaints reviewed by FSCO	115	142	87

*Activity recorded on a calendar year basis.

Protection in Accidents Involving Uninsured Motorists

To help victims of auto accidents involving uninsured or unidentified vehicles, FSCO administers the Motor Vehicle Accident Claims Fund (MVACF). The fund provides compensation to persons injured in automobile accidents involving uninsured or unidentified vehicles, where the person has no access to insurance coverage.

MVACF is financed by a one-dollar levy on each Ontario driver's licence issued or renewed annually. It also recovers third-party liability payments from uninsured motorists responsible for accidents, and arranges for the suspension of the driver's licences of motorists who are in default.

MVACF's financial statements appear on pages 53-60 of this annual report.

Motor Vehicle Accident Claims Fund Activities

Measure	*2002-2003*	*2001-2002*
Number of claims	542	390
Total cash payouts	$12.0 million	$9.5 million
Total statutory accident benefits claims	289	289
Total statutory accident benefits payments	$8.5 million	$6.2 million
Total third-party liability payments for bodily injury and property damage	$3.5 million	$3.3 million
Collection of repayments	$2.1 million	$2.1 million
Suspended driver's licences	575	589
Reinstated driver's licences	407	399
Repayments processed	11,958	12,578
Debtors making payments	1,396	1,516
Active accounts receivable	1,857	2,021

5. Dispute Resolution and Complaint Services

Ready access to effective options for addressing complaints and resolving disputes is important to public confidence. Consumers expect efficient and timely services to help them deal with complaints and disputes. FSCO's highly regarded Dispute Resolution Services (DRS) respond to this need regarding statutory automobile accident benefits. As well, the Office of the Insurance Ombudsman oversees Ontario's system of complaint handling for all types of insurance. (See the Report of the Office of the Insurance Ombudsman on pages 25-29 of this annual report.)

Resolving Accident Benefits Disputes

FSCO's Dispute Resolution Services were established in 1990 as an integral part of the no-fault automobile insurance system. A full range of options for resolving disputes about statutory accident benefits is provided – including mediation, arbitration, neutral evaluation, appeal and variation/revocation.

The first step in the process is mediation, which is mandatory. No one can take a dispute to arbitration or to court without participating in mediation at FSCO. Disputes that are not resolved at mediation can go to court, private arbitration or arbitration at FSCO. Only the insured person can choose FSCO arbitration.

Decisions of FSCO arbitrators can be appealed by either party to the Director of Arbitrations on a question of law. There is no further appeal from a decision of the Director or his/her delegate, although judicial review may be available. As well, a variation/revocation process is in place to deal with situations where the insured person's condition has changed significantly since the original decision, new evidence has become available, or there is an error in the order.

Applications Up

Activity in both mediation and arbitration increased in 2002-2003. Mediation applications rose about 24.5 per cent over the previous year, but mediators' file handling time and settlement rates were stable.

Arbitration applications increased by 6.0 per cent but the settlement rate during the arbitration stage – particularly up to the pre-hearing – also rose significantly. The proportion of decisions issued within the published time frame of 85 days after the conclusion of the hearing rose from 69 per cent in 2001-2002 to 75 per cent in 2002-2003, while the median time for decisions with reasons to be issued increased from 49 to 55 calendar days. The appeals office received 47 appeals and closed 57 files during the year.

The Dispute Resolution Practice Code, which is designed to guide parties through the dispute resolution process by explaining what is required at each stage, is posted on FSCO's website. The web version includes printable forms.

FSCO continues to receive valuable feedback on the Dispute Resolution system through the Counsel Forum, which brings together lawyers handling DR cases, and the Companies Forum, which includes insurance company claims specialists.

Arbitration and Appeal Decisions

On January 31, 2003, the Director of Arbitrations issued a decision, after a lengthy hearing involving several interveners, dismissing an insurer's allegation of institutional bias against FSCO's arbitration system.

Court Cases

Over the past decade, Dispute Resolution Services has produced a respected body of arbitration and appeal decisions. Decisions of the Superior Court of Justice and the Court of Appeal have continued to refer favourably to arbitration decisions. For

example, in dismissing an appeal from a lower court that determined a drive-by shooting is not an "accident," the Court of Appeal quoted with approval the reasoning in arbitration cases that decided similar issues.

Electronic Filing of Mediation and Arbitration Applications

E-filing (electronic filing) of the mediation application is scheduled for delivery in 2004. E-filing will capture information electronically and reduce data entry. Online help in the form of messages and prompts will reduce the high number of incomplete mediation applications currently received on paper.

These online transaction should reduce delays to clients caused by manual processing. Major client groups are eagerly anticipating this improved service. The Application for Mediation was selected as the first document to be converted to electronic format due to its high volume and labour intensive processing requirements. The Application for Arbitration and the Mediation and Arbitration Response forms will also be converted.

Dispute Resolution Services Activities

Measure	*2002-2003*	*2001-2002*
Mediation		
New applications received	16,049	12,897
Cases closed	14,917	12,534
Settlement rate – full	52%	50%
Settlement rate – partial	14%	17%
Arbitration		
New applications received	1,736	1,637
Cases closed	1,804	1,440
Settled	1,558	1,223
Decisions issued	138	138
Appeals		
New applications received	47	51
Cases closed	57	49
Settled	6	6
Decisions issued	40	29

6. Policy Development

FSCO plays a dual policy development role. First, FSCO makes recommendations to the Minister of Finance for changes to the legislation FSCO administers. Second, FSCO develops regulatory policy to guide the ongoing administration of the legislation in its mandate. Moreover, FSCO not only develops policy concerning Ontario's financial services sectors, but also works with other regulators to harmonize policy across other sectors and jurisdictions.

In 2002-2003, FSCO was involved in advancing a number of items designed to protect consumers while harmonizing and simplifying regulation. FSCO staff made significant contributions to the work of the Canadian Council of Insurance Regulators (CCIR). The Life Licence Qualification Program (LLQP) standardized qualifications for people becoming life agents.

FSCO also worked with the Joint Forum of Financial Market Regulators and the industry to create the Financial Services OmbudsNetwork, a national one-stop mechanism for handling complaints concerning financial services in Canada.

FSCO staff also made important contributions to the work of the Canadian Association of Pension Supervisory Authorities (CAPSA) and the Joint Forum in the development of plan governance guidelines; proposed changes to the federal investment rules, a model pension law; a review of capital accumulation plans; and the development of a new pension agreement among jurisdictions. This new agreement is intended to deal with problems that arise when a pension plan has members in more than one province, and determine how the laws of each jurisdiction should be applied.

In 2002-2003, FSCO and the Ministry of Finance developed and implemented legislative amendments to a number of financial services statutes. For example, amendments to the *Insurance Act* include provisions regarding the appointment and role of the appointed actuary in insurance companies. This amendment will strengthen the regulatory standard, reducing the likelihood that an Ontario insurer would become insolvent or financially impaired. FSCO also assisted on implementing an initiative it worked on developing with CCIR. This initiative will reduce and harmonize the number of classes of insurance, harmonize the definitions and streamline the process for approving new classes. To implement the new classes, the *Insurance Act* was amended. FSCO will prepare the necessary regulations for the government's consideration; it is expected that this will be finished in 2004.

These policy functions require FSCO to continually assess marketplace trends as well as its own responses. Consultation with FSCO's stakeholders – ranging from financial services providers and consumers, to pension plan administrators, beneficiaries, advisors and consultants, to lawyers and health care professionals – is invaluable. Stakeholder feedback helps FSCO in identifying and responding effectively to emerging issues, and to recommend appropriate policy solutions.

7. Consumer Protection through Information

In today's financial services marketplace, consumer education is an important aspect of consumer protection. Informed consumers are better able to evaluate a range of products and choose those that best fit their needs. As part of fulfilling its consumer protection mandate, FSCO deploys a range of communications tools to educate consumers to make informed choices.

Many consumers now access consumer information through FSCO's website at: www.fsco.gov.on.ca. The site includes on-line consumer brochures, bulletins, listings of licensed financial services practitioners, reports on enforcement actions and the Dispute Resolution Practice Code.

FSCO produces several consumer publications, including: FSCO – Somewhere to Turn, Your Pension Rights, Shopping for Car Insurance, Shopping for Travel Health Insurance, and Dispute Resolution – A Real Alternative. These brochures are available both electronically and in print. FSCO also arranges for consumer articles to be distributed to Ontario daily and community newspapers and local radio and television stations. In addition to providing helpful information to consumers, this coverage also generates direct requests for FSCO's brochures.

8. Maximizing Effectiveness of FSCO's Resources

As part of fulfilling its mandate to support a healthy and competitive financial services industry, FSCO is committed to providing value for the dollars it has been allocated, and endeavors to make the most of its human, financial and technological resources. FSCO is accountable to its stakeholders for the efficiency and quality of the services it delivers.

Future Leaders

FSCO's staff development program, FSCO FUTURES, completed its fourth year of nurturing tomorrow's leaders. Due to a late start, projects begun last year were extended into this year. Twenty-eight employees participated in one of four teams to gain leadership experience through corporate projects. One team developed recommendations for implementing an informal staff recognition program at FSCO. A second team proposed a framework to realize FSCO's values. A third team developed ideas for establishing a FSCO knowledge bank to help staff share work-related skills and knowledge. And a fourth team continued the "Lunch and Learn" program and also organized the training program for the FUTURES teams.

Business Process Review

In 2002-2003, the Business Process Review Branch continued to work with FSCO business areas to improve service delivery to both internal and external clients. The Business Process Review Branch improves operations by analyzing and modifying service delivery processes and providing project management expertise.

Key examples this year include the development and implementation of PRO (Project Reporting Online), FSCO's electronic project tracking/management system; the launch of the Pension Plans Facility system; the initial planning work on the Dispute Resolution Services Branch e-filing system for mediation and arbitration applications; the initiation of an operational review of FSCO's Assessment and Revenue processes in the Corporate Services Branch; and recommendations implemented as a result of a review of FSCO's internal committee structure.

A Commitment to Quality Service

Reflecting a commitment to providing quality service in performing its regulatory activities, FSCO's Quality Service program continued to work to promote the government-wide initiative to make the Ontario Public Service a more customer-focused organization. FSCO participates in the Ministry of Finance Quality Service Council and has an internal Quality Service Committee which brings together representatives from each branch to champion quality service initiatives and promote adherence to the Ministry's Common Service Standards. FSCO's Quality Service program is closely linked with Bright Ideas, FSCO's employee suggestion program that was established in 2002. Bright Ideas has already implemented many suggestions from staff to improve customer service, eliminate unnecessary processes and improve the workplace.

In its regulatory activities, FSCO has also set quality service commitments for examinations and investigations. FSCO has pledged to deliver impartial, objective, efficient and effective services. Examiners and investigators are expected to demonstrate honesty and integrity, knowledge, good judgment and other professional values.

FSCO is a vibrant organization with a culture of innovation that has been recognized both within and outside the OPS. Among its recent awards are two silver certificates at the 2002 Public Sector Quality Fair for the Internet Application System and for the Automated Rates and Classification Technical Information Communication System (ARCTICS), and two Ovation Awards in 2002 from the Toronto Chapter of the International Association of Business Communicators for the internal staff newsletter, FSCO *Focus*.

In addition, FSCO staff were honoured by the United Way in January 2003 for the talent, creativity and dedication shown during the 2002 FSCO United Way Campaign. FSCO was one of only 25 companies and organizations in the GTA to receive a Spirit Award. FSCO received the award in the category of public service organizations with less than 500 employees. FSCO's campaign raised more than $41,000, a 32 per cent increase over 2001.

Report of the Office of the Insurance Ombudsman

The Office of the Insurance Ombudsman (OIO) supports FSCO's broad mandate of ensuring consumer protection and public confidence by providing a single window for consumers to turn to when they have a problem with an entity regulated by FSCO.

The branch provides a range of market conduct services including: investigations into allegations of misconduct by insurance companies, agents and adjusters; market analysis to inform the development of consumer education material and promote insurance industry best practices; complaint resolution services for provincially incorporated insurers; and responses to telephone, e-mail and written inquiries about the regulated sectors and programs offered by FSCO.

1. Oversight Responsibility On Company Complaint Handling

The OIO oversees Ontario's complaint handling system for insurance consumers. Under the system, insurance companies are required to:

- Have a protocol that provides consumers with a clear view of an insurance company's complaint handling procedures and contains information on how to file a complaint with a company, who to contact, how long the procedures might take, and the next steps for complaints that remain unresolved.
- Make consumers aware of the protocol and to communicate their protocol to all front line staff in order to assist consumers with complaints.
- Have a Company Complaint Officer to oversee the company's complaint handling process and act as a link with the OIO. FSCO posts the names of these individuals on its website to assist consumers with complaints.
- Collect and report complaint data to FSCO quarterly.

If a consumer is unable to resolve the complaint with the insurance company, he or she can request a letter from the Company Complaint Officer stating the company's final position on the complaint. The Company Complaint Officer must also advise the consumer of his or her right to have the complaint reviewed by a third party and provide the name and details of the independent OmbudService that can review the complaint.

Each insurance company is required to file with the OIO the name of the independent third party they use. Most insurance companies are members of an OmbudService under the Financial Services OmbudsNetwork (FSON). For unresolved complaints involving Property and Casualty member companies, the independent third party for complaints is the General Insurance OmbudService (GIO). Unresolved complaints involving a Life and Health member company may be taken to the Canadian Life and Health Insurance OmbudService (CHLIO). For unresolved complaints involving companies that are not members of the FSON, the OIO is generally the independent third party.

2. Company Complaint Data Analysis

Effective January 2001, companies began reporting data quarterly to the OIO on the number and nature of complaints they receive. This enables the OIO to identify and track issues and, along with information from its own inquiry and complaint activity, target specific areas of business practices for review.

In fiscal year 2002-2003, companies reported receiving 8265 complaints, an increase of 8.2% over the 7604 complaints reported in the previous fiscal year. An examination of the complaint data by line of business and by business function reveals some interesting occurrences from one fiscal year to the next.

Complaint Volume Comparison by Line of Business

Most notable comparisons of complaint data by line of business include:

- Auto and Property complaint volumes have increased 21.7% and 48.0% respectively.
- Travel/Health and Life complaints have decreased 28.0% and 6.9% respectively.

Complaint Volume Comparison by Business Function

Most notable comparisons of complaint data by business function include:

- Rating & Underwriting has seen a dramatic 60.4% increase in complaints.
- Marketing and Policyowner Services complaints have fallen 23.3% and 10.5% respectively.

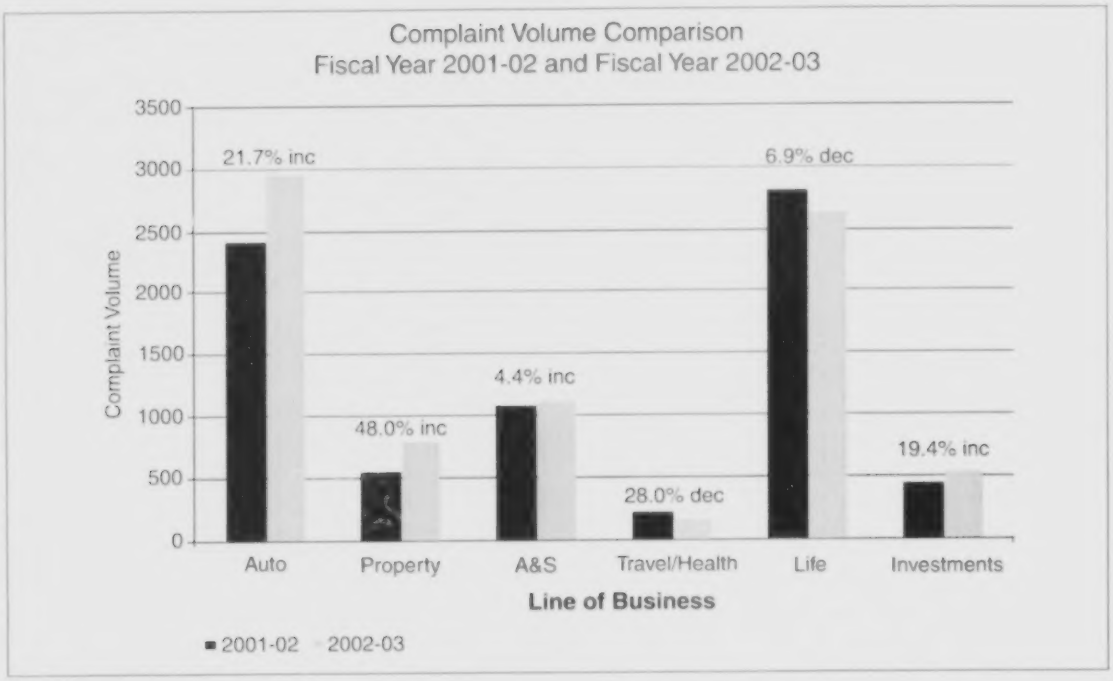
3. Insurance Complaint, Inquiry and Review Activity

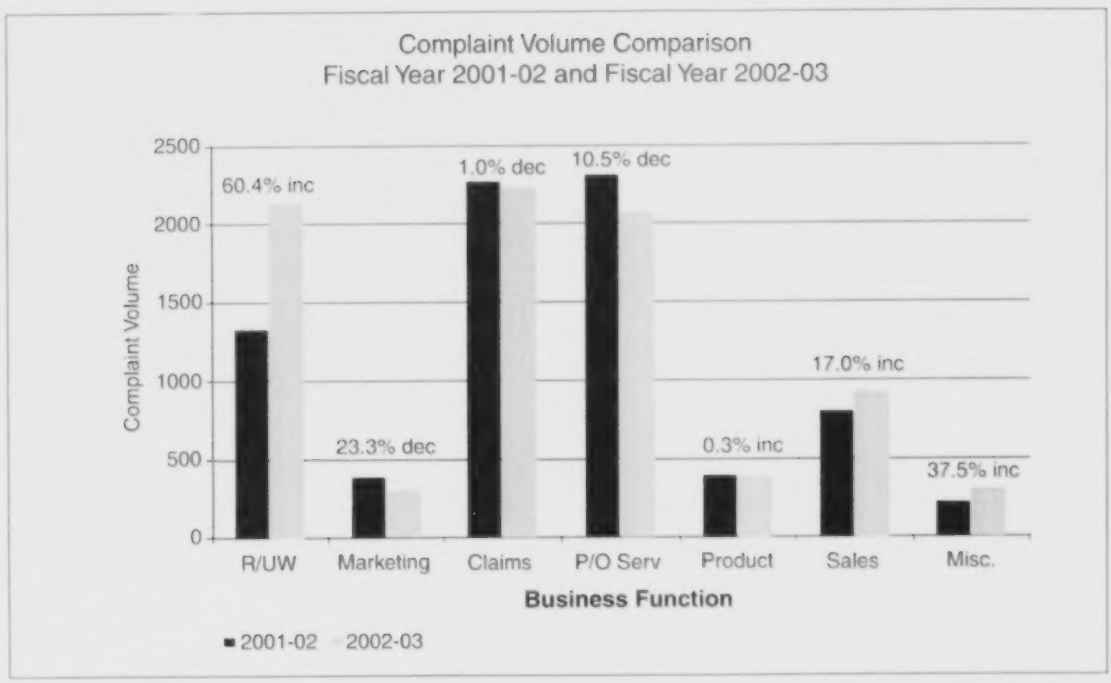
Insurance Inquiry and Complaint Activity

During 2002-2003, the OIO received 11,074 telephone inquiries and 998 written complaints about insurers' products or business practices. The majority (749) of the complaints had not gone through the company complaint handling process. In these cases, the OIO refered the consumer back to their company.

Office of the Insurance Ombudsman: Inquiries, Complaints and Reviews Involving Insurance Companies

Activity	*2002-2003*	*2001-2002*
Inquiries	11,074	7,571
Complaints	998	906
Total	12,072	8,477
Reviews Started	282	274
Reviews Closed	288	264


Complaint Volume Comparison
Fiscal Year 2001-02 and Fiscal Year 2002-03
Complaint Volume
3500
3000
2500
2000
1500
1000
500
0
21.7% inc
48.0% inc
4.4% inc
28.0% dec
6.9% dec
19.4% inc
Auto
Property
A&S
Travel/Health
Life
Investments
Line of Business
2001-02
2002-03


Complaint Volume Comparison
Fiscal Year 2001-02 and Fiscal Year 2002-03
Complaint Volume
2500
2000
1500
1000
500
0
60.4% inc
23.3% dec
1.0% dec
10.5% dec
0.3% inc
17.0% inc
37.5% inc
R/UW
Marketing
Claims
P/O Serv
Product
Sales
Misc.
Business Function
2001-02
2002-03

Complaints Reviewed

In reviewing unresolved complaints, the OIO uses a variety of conflict resolution tools such as fact-finding, analysis and negotiation. The OIO completed a total of 288 complaint reviews in 2002-2003. In 31 cases, the OIO identified concerns about a company's business practices and made recommendations for change. In all cases, the recommendations made by the OIO were accepted and implemented by the companies. Here are some examples:

- An insurance company refused to process a change to a consumer's life insurance policy because the consumer refused to sign an information release form that asked for information about her financial institutions. The OIO recommended that the company reverse its decision since the company indicated that the omitted information was neither relevant nor required. The OIO also recommended that the company follow the example of other companies when using a blanket release form and make individual exceptions so that the needs of both parties are met. The insurance company accepted both recommendations.
- A consumer bought term life insurance policies for herself and her family and made annual payments for nine years. The consumer then requested that her billing address be changed from the office address to her home address where her business was now going to be located. The request was not processed by the company. In 2001, she realized that she had not made a payment since 1998 and alerted the company. The insurance company advised that a 1999 invoice had been sent to the original address and that when premiums went unpaid, the insurance company made some attempt to locate the consumer but did not refer to the paper files where her unprocessed address notice had been placed. The insurance company cancelled the consumer's policies. In reviewing the complaint, the OIO recommended the company incorporate additional steps in their follow-up practices for cancellations. The company accepted this recommendation and offered to reinstate the consumer's policies.

Office of the Insurance Ombudsman: Review Results 2002-2003

Disposition	*Files (#)*	*Proportion*
Business Practices Acceptable	238	83%
Office of Ombudsman Recommendations Made	31	11%
Procedures Explained to Consumers	13	4%
Others	6	2%
Total	288	100%

4. Insurance Agent Conduct Activity

In responding to complaints and reports of insurance agent misconduct and non-compliance with insurance law, the OIO found grounds to recommend investigation in 74, or about half, of the 139 cases closed in 2002-2003. These figures were similar to those of previous years.

5. Single Window Access

The OIO receives, responds and tracks FSCO's written complaints about the other regulated sectors: credit unions and caisses populaires, loan and trust companies, cooperatives, mortgage brokers and pension plans.

Complaints Involving Non-Insurance Sectors 2002-2003

Sector	*Complaints*	*Proportion*
Pension	41	65%
Mortgage Brokers	17	27%
Credit Unions	3	5%
Loan & Trust	0	0%
Co-operatives	2	3%
Totals	63	100%

Report of the Financial Services Tribunal

As part of FSCO's mandate, the Financial Services Tribunal (FST) is an independent adjudicative body that hears appeals or reviews of regulatory decisions or proposed decisions of the Superintendent of Financial Services. These proceedings are conducted at the request of affected parties.

The FST is comprised of the Chair and two Vice-Chairs (who are also the Chair and Vice-Chairs of FSCO) and up to 12 additional members, all appointed by the Lieutenant Governor in Council.

Biographical sketches of current FST members may be found on FSCO's website at: www.fsco.gov.on.ca

The Tribunal is committed to providing an expert, impartial hearing process that is accessible, prompt and fair. Its proceedings are guided by its own Rules of Practice and Procedure, Practice Directions and also by the *Statutory Powers Procedure Act*. The FST has exclusive jurisdiction to determine all questions of fact or law that arise in any proceeding before it.

A Legal Advisory Committee advises the FST on the adjudication process. With the Committee's help, the FST is conducting an ongoing review of its Rules of Practice and Procedure. The FST continues to develop and review performance standards and measures to improve quality and efficiency in the hearing and decision-making process. The FST's hearing schedule and decisions are posted online for the convenience of hearing participants.

Last year, the FST streamlined procedures for responding to requests for hearings on decisions of the Superintendent regarding access to locked-in funds in cases of financial hardship. As a result, these requests for hearings are treated as a priority to ensure they are dealt with quickly and decisions issued promptly.

During the year, the FST continued the review of its conflict of interest guidelines.

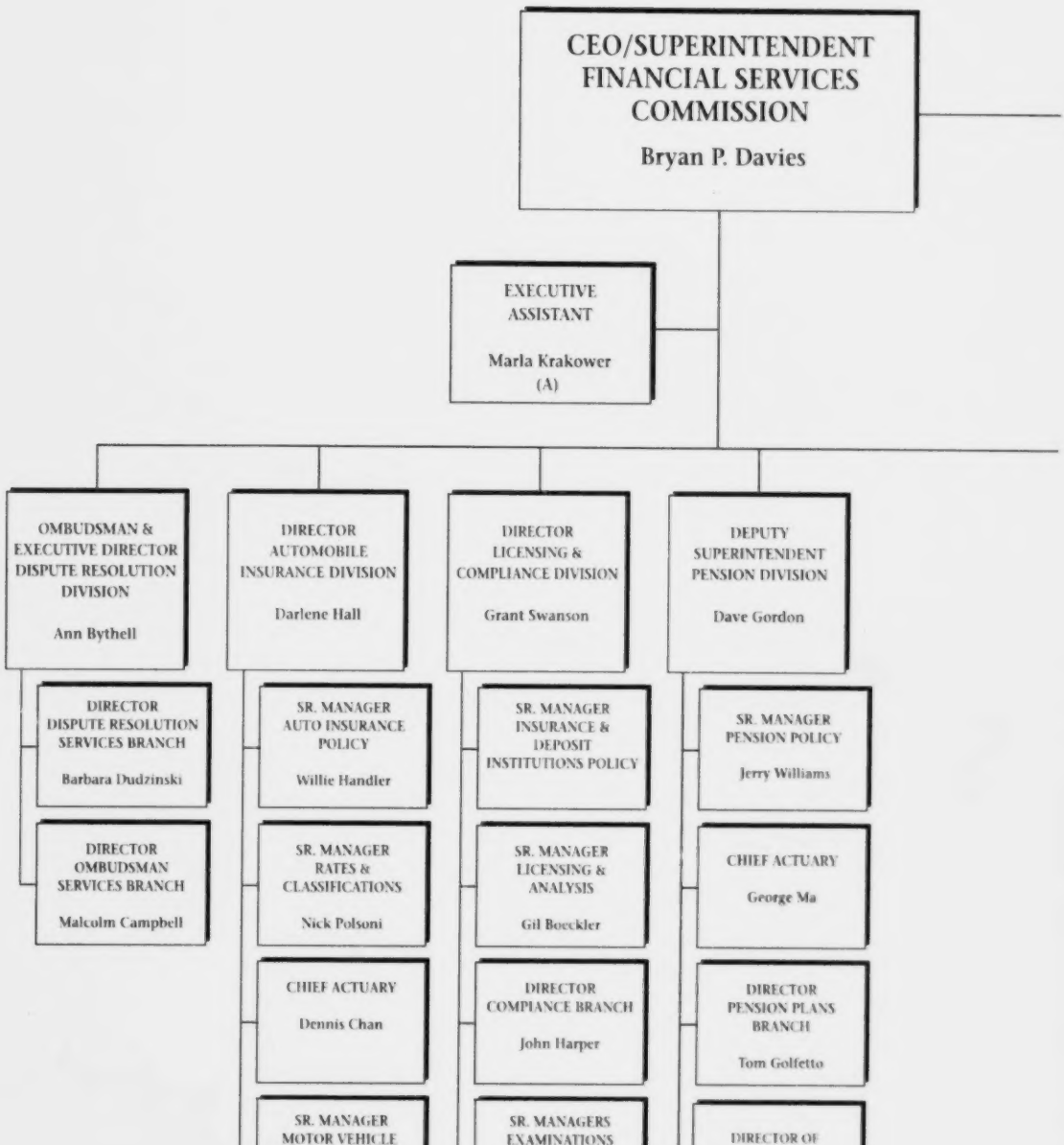
Financial Services Tribunal Activities 2002-2003

Activity	*Pension Matters (Excluding Financial Hardship)*	*Pension Matters (Financial Hardship Only)*	*Mortgage Brokers Matters*	*Insurance Matters*	*Credit Union*	*Total*
Number of new cases received	16	17	2	1	1	37
Number of hearings days**	10	0***	1	1	0	12
Number of other hearing activity days includes: adjournments, pre-hearing conferences, telephone conferences, settlement conferences and motions**	64	1	4	3	0	72
Total Hearing related days before the Tribunal	**74**	**1**	**5**	**4**	**0**	**84**
Files closed**	17	33	1	3	1	55

* Table does not include FST Quarterly meetings, days for deliberation or decision writing.

** Numbers may reflect files prior to 2002-2003 fiscal year.

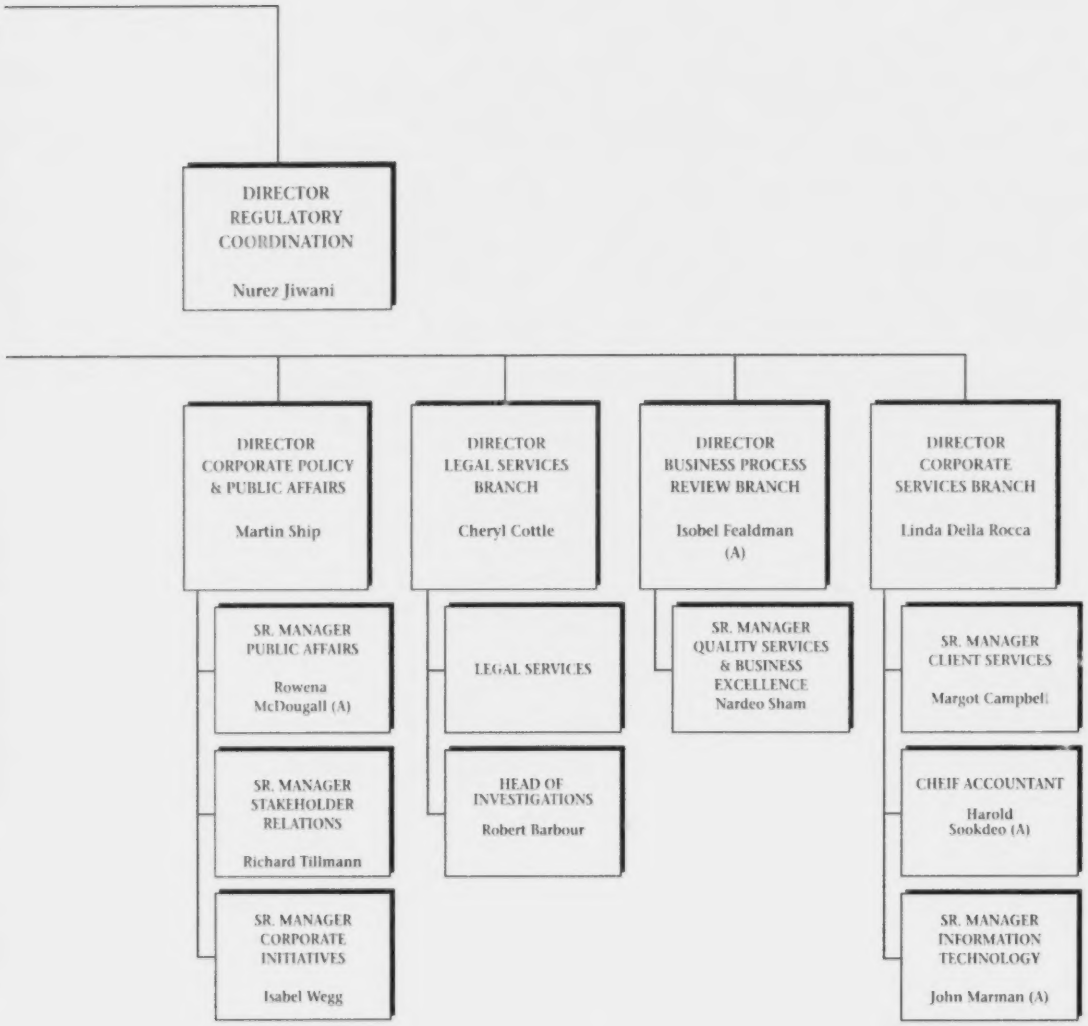
*** Hearings for financial hardship cases are conducted through the exchange of written documents only, unless the applicant requests the hearing be conducted in a different manner.



Effective April 1, 2003

Financial Services Commission of Ontario

Organization Chart



Ontario

FINANCIAL SERVICES COMMISSION OF ONTARIO

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

Office of the Provincial Auditor of Ontario

Office of the
Provincial Auditor
of Ontario

Bureau du
vérificateur provincial
de l'Ontario

Box 105, 15th Floor, 20 Dundas Street West, Toronto, Ontario M5G 2C2
B.P. 105, 15e étage, 20, rue Dundas ouest, Toronto (Ontario) M5G 2C2
(416) 327-2381 Fax: (416) 327-9862

Auditor's Report

To the Financial Services Commission of Ontario
and to the Minister of Finance

I have audited the balance sheet of the Financial Services Commission of Ontario as at March 31, 2003 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commision as at March 31, 2003 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
October 31, 2003

J.R. McCarter, CA
Assistant Provincial Auditor

FINANCIAL SERVICES COMMISSION OF ONTARIO

BALANCE SHEET
as at March 31, 2003

	2003 ($000s)	2002 ($000s)
Assets		
Current		
Cash	7	6
Accounts receivable	27,380	25,980
Prepaid expenses	118	84
	27,505	26,070
Capital assets, net (Note 5)	2,326	2,745
	29,831	28,815
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	2,129	2,157
Deferred revenue (Note 8)	4,260	3,009
Net Assets		
Invested in capital assets	2,326	2,745
Investment by the Province	21,116	20,904
	23,442	23,649
	29,831	28,815

Commitment and Contingencies (Note 6)

See accompanying notes to the financial statement.

Approved by:

CEO and Superintendent
Financial Services Commission of Ontario

FINANCIAL SERVICES COMMISSION OF ONTARIO

STATEMENT OF OPERATIONS
For the Year Ended March 31, 2003

	2003 ($000s)	2002 ($000s)
Revenue (Note 3)		
Assessments	20,836	20,284
Annual fees for pension plans	8,070	7,900
Fees and licences	5,165	4,731
Registrations	752	642
Other	89	94
	34,912	33,651
Expenses		
Salaries and wages	22,709	20,788
Employee benefits	4,379	3,658
Transportation and communication	812	690
Services	11,066	12,261
Supplies and equipment	700	534
Amortization	1,626	2,204
Bad debt expense	17	58
Transfer payment	20	20
	41,329	40,213
Less: Recoveries (Note 7)	1,825	1,594
	39,504	38,619
Excess of expenses over revenue	4,592	4,968

See accompanying notes to the financial statement.

FINANCIAL SERVICES COMMISSION OF ONTARIO

STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended March 31, 2003

	2003 ($000s)			2002 ($000s)
	Invested in Capital Assets	Investment by the Province	Total	Total
Balance, beginning of year	2,745	20,904	23,649	9,311
Acquisition of capital assets	1,207	(1,207)	—	—
Excess of expenses over revenue	(1,626)	(2,966)	(4,592)	(4,968)
Contribution from the Province (Note 9)	—	4,385	4,385	19,306
Balance, end of year	2,326	21,116	23,442	23,649

See accompanying notes to the financial statement.

FINANCIAL SERVICES COMMISSION OF ONTARIO

STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2003

	2003 ($000s)	2002 ($000s)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
Cash flows from operating activities		
Excess of expenses over revenue	(4,592)	(4,968)
Amortization	1,626	2,204
	(2,966)	(2,764)
Changes in non-cash working capital		
Accounts receivable	(1,400)	(15,786)
Prepaid expenses	(34)	83
Accounts payable	(28)	777
Deferred revenue	1,251	(735)
	(211)	(15,661)
Cash flows from financing activity		
Contribution from the Province	4,385	19,306
Cash flows from investing activity		
Purchase of capital assets	(1,207)	(881)
Net change in cash position	1	—
Cash position, beginning of year	6	6
Cash position, end of year	7	6

See accompanying notes to the financial statement.

FINANCIAL SERVICES COMMISSION OF ONTARIO

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2003

1. OPERATIONS OF THE COMMISSION

The Financial Services Commission of Ontario (Commission) was established under the *Financial Services Commission of Ontario Act, 1997*. The Commission's mandate is to enhance consumer confidence and public trust in Ontario's regulatory activities governing insurance, pensions, credit unions, trust companies, caisses populaires, co-operatives and mortgage brokers, and also to make recommendations to the Minister of Finance on matters affecting the regulated sectors. The Commission administers the following legislation: *Insurance Act, Pension Benefits Act, Credit Unions and Caisses Populaires Act, Loan and Trust Corporations Act, Mortgage Brokers Act and Co-operative Corporations Act.*

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The significant accounting policies used to prepare these statements are summarized below.

(a) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated useful life of the asset, beginning in the year following acquisition, as follows:

Office furniture and equipment	5 years
Computer hardware and related software	2 years
Leasehold improvements	over term of the lease

(b) Revenue Recognition

Assessment revenues from insurance, credit unions, caisses populaires and the loan and trust sectors are recognized when the recoverable costs to administer the various Acts governing these sectors are incurred. The amounts are based on estimated recoverable costs because the actual recoverable costs from the various sectors cannot be determined until the following year.

The Commission recognizes the annual assessment fee due from each pension plan registered in the province based on an estimate because the actual fee cannot be determined until the pension plan files its annual information return six to nine months after the plan's fiscal year end.

Adjustments to revenue, if any, between the amounts recognized based on estimates and actual revenues, are charged to income in the year when the actual amounts are determined.

Ontario

FINANCIAL SERVICES COMMISSION OF ONTARIO

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2003

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amount of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses for the period. Actual amounts could differ from these estimates.

3. REVENUE

For the fiscal year, revenue from the following Acts and regulations made under the Acts administered by the Commission are:

	2003 ($000s)	2002 ($000s)
Insurance Act		
Insurer assessment	19,761	19,386
Fees, licences and other	3,946	3,816
Pension Benefits Act		
Annual information return filing fees and registration fees	8,139	7,971
Pension unlocking fees and other	833	704
Credit Unions and Caisses Populaires Act		
Credit Union assessment	915	656
Fees and other	467	302
Loan and Trust Corporations Act		
Loan and Trust assessment	160	241
Fees, licences and registrations	34	49
Mortgage Brokers Act		
Registrations	641	515
Co-operative Corporations Act		
Fees and other	16	11
	34,912	33,651

FINANCIAL SERVICES COMMISSION OF ONTARIO

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2003

4. EMPLOYEE FUTURE BENEFITS

(a) Pension Benefits

The Commission provides pension benefits for all its permanent employees through participation in the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU Pension Fund) which are multi-employer defined benefit pension plans established by the Province of Ontario. These plans are accounted for as defined contribution plans as the Commission has insufficient information to apply defined benefit plan accounting to these pension plans. The Commission's contributions related to the PSPF and OPSEU Pension Fund for the year were $1,344,634 (2002 – $940,416) and are included in employee benefits.

(b) Non-pension Benefits

Cost of post-retirement non-pension employee benefits are paid by the Management Board Secretariat and are not included in the statement of operations. Legislative severance benefits are accrued upon termination of employment of eligible employees.

5. CAPITAL ASSETS

	2003 ($000s)			2002 ($000s)
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware	2,504	1,907	597	511
Computer software	588	396	192	80
Office furniture and equipment	107	34	73	56
Leasehold improvements	3,129	3,129	–	1,056
Computer software under development	1,464	–	1,464	1,042
	7,792	5,466	2,326	2,745

FINANCIAL SERVICES COMMISSION OF ONTARIO

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2003

6. COMMITMENT AND CONTINGENCIES

(a) The Commission is committed to minimum lease payments for office space over the next two years as follows:

	($000s)
2003/04	3,812
2004/05	3,884
2005/06	3,884
2006/07	3,884
2007/08	3,884
2008/09	2,265
	21,613

(b) The Commission is involved in various legal actions arising out of the ordinary course of business. Settlements, if any, will be accounted for in the period in which the settlement occurs. The outcome and ultimate disposition of these actions are not determinable at this time.

7. RECOVERIES

The Commission provides administrative and other support services to a number of organizations and recovers the costs of providing these services from the organizations in accordance with the memorandum of understanding or agreement signed with the respective organizations. Details of these recoveries are as follows:

	2003 ($000s)	2002 ($000s)
Motor Vehicle Accident Claims Fund	1,096	979
Pension Benefits Guarantee Fund	208	237
Canadian Association of Pension Supervisory Authorities	174	162
Canadian Council of Insurance Regulators	187	197
Joint form of Financial Market Regulators	142	–
Canada Customs and Revenue Agency	18	16
Other	–	3
	1,825	1,594

FINANCIAL SERVICES COMMISSION OF ONTARIO

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2003

8. DEFERRED REVENUE RELATED TO LICENCES AND REGISTRATIONS

Deferred revenue represents payments received for fees, licences and registrations that cover more than the current fiscal year. The deferred portion is recognized as revenue when the applicable future licence year occurs. The changes in deferred revenue balances are as follows:

	Balance, beginning of year	Received during year	Recognized during year	Balance, end of year
	($000s)	($000s)	($000s)	($000s)
Insurance agents	2,196	3,622	2,713	3,105
Adjusters	23	91	92	22
Mortgage brokers	265	745	641	369
Corporations	525	922	683	764
	3,009	5,380	4,129	4,260

9. TRANSACTIONS WITH THE PROVINCE

Revenue is deposited into the Consolidated Revenue Fund (CRF) of the Province of Ontario on a cash basis. Expenses are paid out of monies appropriated therefor by the Legislature of the Province of Ontario on a cash basis. The excess of the cash drawn from the Commission's appropriation to pay expenses and the cash from revenue deposited into the CRF is recorded as Contribution from the Province in the Statement of Changes in Net Assets.

The Ministry of Finance and Management Board of Cabinet also absorb the costs of certain administrative expenses.

10. SECURITIES ON DEPOSIT

The *Insurance Act* authorizes the Commission to require insurance companies to deposit securities in any amount it considers necessary and on such conditions as it considers proper. As at March 31, 2003, the face value of the securities held by the Commission under the *Insurance Act* was $9.15 million. Income earned on the securities is paid directly to the insurance companies depositing the securities. These securities and the related income are not recorded in the financial statements.

FINANCIAL SERVICES COMMISSION OF ONTARIO

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2003

11. ESTABLISHING A SINGLE FINANCIAL SERVICE REGULATOR

In the May 2, 2000 Budget, the Minister of Finance announced that the Financial Services Commission of Ontario and the Ontario Securities Commission would be merged into a single agency that would provide regulation of the capital markets and financial services sectors. Draft legislation supporting this initiative was released for comment by the Ministry of Finance in April 2001.

FINANCIAL SERVICES COMMISSION OF ONTARIO

STATEMENT OF THE PENSION BENEFITS GUARANTEE FUND

FOR THE YEAR ENDED MARCH 31, 2003

Office of the Provincial Auditor of Ontario

Ontario

Office of the
Provincial Auditor
of Ontario

Bureau du
vérificateur provincial
de l'Ontario

Box 105, 15th Floor, 20 Dundas Street West, Toronto, Ontario M5G 2C2
B.P. 105, 15e étage, 20, rue Dundas ouest, Toronto (Ontario) M5G 2C2
(416) 327-2381 Fax: (416) 327-9862

Auditor's Report

To the Financial Services Commission of Ontario
and to the Minister of Finance

I have audited the statement of the Pension Benefits Guarantee Fund of the Financial Services Commission of Ontario for the year ended March 31, 2003. This statement is the responsibility of the Commission's management. My responsibility is to express an opinion on this statement based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, this statement presents fairly, in all material respects, the Commission's guarantee fund revenue, expenditure and fund balance for the year ended March 31, 2003 in accordance with the accounting policies described in note 2 to the financial statement.

Toronto, Ontario
June 11, 2003

J.R. McCarter, CA
Assistant Provincial Auditor

FINANCIAL SERVICES COMMISSION OF ONTARIO

STATEMENT OF THE PENSION BENEFITS GUARANTEE FUND
For the Year Ended March 31, 2003

	2003 ($000s)	2002 ($000s)
Revenue		
Premium revenue	35,921	20,636
Investment income (Note 3)	10,988	11,608
Recoveries	103	2,363
Pension Management Fee Recoveries (Note 4)	1,500	–
	48,512	34,607
Expenditure		
Claims	2,923	4,173
Pension management fees (Note 4)	–	1,538
Investment management fees	259	261
Administration fee (Note 4)	249	237
	3,431	6,209
Excess of revenue over expenditure	45,081	28,398
Unrealized changes in market value of investments	201	(942)
	45,282	27,456
Balance in Fund, beginning of year	256,444	228,988
Balance in Fund, end of year	301,726	256,444
Consisting of:		
Cash and short term deposits	125,124	176,055
Government and corporate bonds at market (Cost – $174,142: 2002 – $77,625)	174,921	78,202
Accrued interest	1,681	2,187
	301,726	256,444

Contingencies (Note 5)

See accompanying notes to the financial statement.

Approved by:

CEO and Superintendent
Financial Services Commission of Ontario

FINANCIAL SERVICES COMMISSION OF ONTARIO

PENSION BENEFITS GUARANTEE FUND – NOTES TO FINANCIAL STATEMENT – MARCH 31, 2003

1. PURPOSE OF FUND

The purpose of the Pension Benefits Guarantee Fund (the Fund) is to guarantee payment of pension benefits of certain defined benefit pension plans that are wound up under conditions specified in the *Pension Benefits Act*, and regulations thereto. The regulations also prescribe the amount of the premiums required to be paid into the Fund by plan sponsors. The Superintendent of the Financial Services Commission of Ontario pursuant to the *Financial Services Commission of Ontario Act, 1997* is responsible for the administration of the Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statement has been prepared by management. The significant accounting policies used to prepare this statement are summarized below.

(a) Basis of Accounting
This financial statement has been prepared using the cash basis of accounting except investment income and unrealized changes in the market value of investments which are recorded on an accrual basis.

(b) Investments
Short-term deposits have a market value that approximates carrying value.

Investments in Government and corporate bonds are stated at their quoted market value. Unrealized changes in market value reflect the change in unrealized gains or losses that have occurred by holding investments over the year.

3. INVESTMENTS

The Financial Services Commission of Ontario has adopted a statement of Investment Policies and Guidelines. This statement outlines the purpose of the Fund and provides guidelines for the management of the Fund.

The Fund invests in short term deposits and in fixed income securities issued or guaranteed by the federal and provincial governments and Canadian corporations. Short-term deposits have an average yield of 2.96% (2002 – 2.21%) and will mature within a year. Investments in government and corporate bonds will mature within seven years and have an average yield of 4.42% (2002 – 4.82%).

FINANCIAL SERVICES COMMISSION OF ONTARIO

PENSION BENEFITS GUARANTEE FUND – NOTES TO FINANCIAL STATEMENT – MARCH 31, 2003

Investment income is comprised of interest from interest bearing securities combined with realized gains/losses from the sale of securities. The realized net gain on the sale of securities amounted to $839,659 (2002 – $662,064). Unrealized changes in the market value of investments is reflected as a separate line item on the statement.

4. ADMINISTRATION FEE

The *Pension Benefits Act* allows the Financial Services Commission of Ontario to charge the Fund for expenses it incurs in administering the Fund. During fiscal 2003, administration fees of $249,298 (2002 – $237,131) were paid to the Financial Services Commission of Ontario.

Administrative services related to the processing of premium revenue are provided by the Ministry of Finance without charge.

In fiscal 2002, $1.538 million was paid from the Fund to a team of experts retained to protect the Fund during the insolvency proceedings of a company whose failure could result in a very significant claim on the Fund by the pension plans of this company. In fiscal 2003, the Fund was reimbursed $1.5 million by these restructured plans for the expenses incurred in fiscal 2002.

5. CONTINGENCIES

As at March 31, 2003, there are 30 potential claims relating to the closure of 22 companies and the wind up of their pension plans. The liability of the Fund relating to these claims is estimated at approximately $29.0 million. Settlement of these claims will be accounted for in the period in which the settlement occurs.

In addition, there is a further possible significant claim that has the potential to exceed the current balance in the Fund. Should such a claim be filed, the *Pension Benefits Act* provides that if the amount standing to the credit of the Fund is insufficient to meet payments for claims, the Lieutenant Governor-in-Council may authorize the Minister of Finance of Ontario to make loans out of the Consolidated Revenue Fund to the Fund on such terms and conditions as the Lieutenant Governor directs. The Superintendent of Financial Services appointed an administrator to manage the pension plans related to this claim until favourable investment experience and annuity rates will reduce the final claim on the Fund. It is anticipated that it will be a number of years until final settlement is achieved. In the interim, payments will be made from the Fund as considered appropriate to facilitate the management of this claim while allowing the Fund to continue meeting other claims which are incurred. In May 2003, the first such payment, in the amount of $87.5 million, was made and a further payment of approximately $45 million is anticipated at the end of calendar year 2003.

MOTOR VEHICLE ACCIDENT CLAIMS FUND

STATEMENT OF FINANCIAL POSITION
STATEMENT OF FUND

YEAR ENDED MARCH 31, 2003

Ontario

Deloitte & Touche LLP
BCE Place
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1
Canada

Tel: (416) 601 6150
Fax: (416) 601 6151
www.deloitte.ca

Deloitte & Touche

Auditors' Report

To the Audit Committee of the Financial Services Commission of Ontario and the Provincial Auditor of Ontario

Pursuant to our appointment as auditor of the Motor Vehicle Accident Claims Fund (the "Fund"), which audit is under the direction of the Provincial Auditor of Ontario, we have audited the statement of financial position of the Motor Vehicle Accident Claims Fund as at March 31, 2003 and the statement of changes in net fund balance for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2003 and the changes in the Fund for the year then ended in accordance with the basis of accounting disclosed in Notes 3 and 4 to the financial statements.

Chartered Accountants

Toronto, Ontario
June 20, 2003

MOTOR VEHICLE ACCIDENT CLAIMS FUND

(Established under the Motor Vehicle Accident Claims Act)

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2003

ASSETS

	2003 $	2002 (Unaudited) $
Funds on Deposit with the Minister of Finance	6,963,850	12,193,214
	6,963,850	**12,193,214**

LIABILITIES & FUND BALANCE

Net Fund Balance	6,963,850	12,193,214
	6,963,850	**12,193,214**

See accompanying notes to Financial Statements

Approved by:

CEO and Superintendent
Financial Services Commission of Ontario

MOTOR VEHICLE ACCIDENT CLAIMS FUND

(Established under the Motor Vehicle Accident Claims Act)

STATEMENT OF CHANGES IN NET FUND BALANCE FOR THE YEAR ENDED MARCH 31, 2003

	2003	2002 (Unaudited)
	$	$
RECEIPTS		
Fee on issue or renewal of driver's licences	8,645,361	8,041,358
Repayment by debtors	2,120,395	2,119,266
Prior year recoveries – from third parties	197,604	851,815
TOTAL RECEIPTS	**10,963,360**	**11,012,439**
DISBURSEMENTS		
Special Purpose Payments		
Third Party Claims		
Judgments, including costs	3,276,705	2,783,606
Out-of-Court settlements	19,824	33,648
Hit-and-run cases, including costs	207,358	442,371
	3,503,887	**3,259,625**
Accident Benefits		
Statutory accident benefits	8,483,609	6,198,963
Sub-total	**11,987,496**	**9,458,588**
Administrative Expenses		
Salaries and wages	992,771	853,424
Employee benefits	156,914	160,377
Transportation and Communication	42,757	39,568
Services		
Claims (Solicitors' fees, etc.)	1,392,783	1,144,707
Accident benefits claims expense	754,873	591,151
Other	807,120	1,082,650
Supplies and equipment	58,010	61,918
Sub-total	**4,205,228**	**3,933,795**
TOTAL DISBURSEMENTS	**16,192,724**	**13,392,383**
(Decrease) in Fund during the year	(5,229,364)	(2,379,944)
Balance in Fund, on deposit with the Minister of Finance, Beginning of Year	12,193,214	7,174,158
Transfer Payment – Subsidization of MVACF	—	7,399,000
Balance in Fund, on deposit with the Minister of Finance, End of Year	**6,963,850**	**12,193,214**

See accompanying notes to Financial Statements.

MOTOR VEHICLE ACCIDENT CLAIMS FUND

NOTES TO FINANCIAL STATEMENT

1. Authority

The Motor Vehicle Accident Claims Fund (the Fund) operates under the authority of the *Motor Vehicle Accident Claims Act* (the Act), R.S.O. 1990, Chapter M.41 as amended.

2. Fund Operations

The Fund was originally established to provide compensation to victims of motor vehicle accidents caused by uninsured or hit-and-run motorists in Ontario. Uninsured motorists were required to pay an annual fee into the Fund. However, effective March 1, 1980, with the enactment of the *Compulsory Automobile Insurance Act*, all motorists are required to carry compulsory third party liability insurance including uninsured motorist coverage. In 1990, a new provision to pay accident benefits was created for the Fund.

The Fund now pays claims under four different automobile insurance compensation systems:

1. Tort – prior to June 22, 1990
2. OMPP – between June 22, 1990 and December 31, 1993
3. Bill 164 – between January 1, 1994 and October 31, 1996
4. Bill 59 – from November 1, 1996 and forward

The coverage provided by the Fund is analogous to the minimum required coverage under the standard automobile policy (OAP1) approved by the provincial regulator. Unlike insurance companies, the Fund does not cover claims where the accidents occur outside of Ontario.

3. Statement of Changes in Net Fund Balance

A) Basis of Accounting

The Fund uses the cash basis of accounting which is modified to allow an additional thirty days to pay for goods and services pertaining to the fiscal year just ended. In this regard, certain payments incurred at year end and paid in the first month of the following fiscal year may be reported in the current year.

B) Receipts

Fees consist of $1.00 charged per year to every driver in the Province of Ontario who renews his/her driver's licence and for every new driver's licence issued.

Amounts collected on outstanding receivables are reported as receipts in the year they are collected (see below for explanation of Accounts Receivable).

C) Special Purpose Payments

Amounts paid from the Fund to victims of automobile accidents, where there is no insurance to respond to the claim, are reported as expenditures and are broken down into claim types as set out in the Act. These payments are legally recoverable from uninsured at-fault motorists, for all third party, liability claims.

Amounts recovered on current year claims are netted in these accounts. Recoveries relating to prior years claims are included in receipts.

D) Administrative Expenses

The administrative expenditures (e.g. Salaries, Benefits, Transportation & Communication, Services and Supplies & Equipment) are paid out during the course of the year from the Consolidated Revenue Fund. At the end of each fiscal year the Lieutenant Governor-in-Council authorizes the payment out of the Fund of the amount required to reimburse the Consolidated Revenue Fund for the expenses incurred in connection with the administration of the Fund.

4. Statement of Financial Position

A) Motor Vehicle Accident Claims Fund

The Balance in Fund, on deposit with the Minister of Finance, is held in a Consolidated Revenue Fund Special Purpose Account and is reported as a liability on the Statement of Financial Position of the Province of Ontario.

B) Accounts Receivable

The records of the Fund provide for an Accounts Receivable portfolio, compiled over the years as a result of third party claim payouts to uninsured victims. In accordance with the Act, these payouts which become receivables, are recoverable from uninsured motorists. The Allowance for Doubtful Accounts process involves an aging method modified to suit the Fund's payout process. At March 31, 2003, the receivables totalled $47.7 million (2002 – $48.3 million). The allowance for doubtful accounts is calculated to be $29.5 million (2002 – $28.8 million) leaving a net realizable value of $18.2 million (2002 – $19.5 million).

C) Contingent Gains

Some payments out of the Fund are in the form of Structured Settlements for accident benefit claims. These claims have guarantee periods ranging from 10 to 25 years and during this period the reversionary interest will revert to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance should the claimant die.

Even though the range of probability that the claimant may die during the guarantee period is slight, the Fund nevertheless has calculated the approximate reversionary interest as at March 31, 2003, for information purposes.

As at March 31, 2003, the amount paid out of the Fund for accident benefit claims in the form of structured settlements was approximately $5.5 million (2002 – $4.4 million) with applicable reversionary interest of approximately $3.8 million (2002 – $2.6 million).

D) Fixed Assets

The cost of Fixed Assets, consisting of furniture and equipment and alterations to premises are charged to operations in the period in which they are incurred..

E) Unfunded Liability

As at March 31, 2003, the Fund is contingently liable for claims in process, claims which have occurred but have not yet been reported, and the expenses required to settle the claims. Based on an actuarial valuation, the estimated payments in all future years arising from outstanding claim and claim settlement expense liability, add up to $124.0 million (2002 – $107.9 million). This amount includes a $7.3 million (2002 - $5.8 million) provision for adverse deviation. Once netted against the Fund's $7.0 million (2002 $12.2 million) balance, and $18.2 million (2002 – $19.5 million) in net receivables, (as per Accounts Receivable, above), this leaves an unfunded liability of $98.8 million (2002 – $76.2 million).

The portion of the overall $124.0 million (2002 – $107.9 million) expected to be paid out in the 2003 – 2004 fiscal year is estimated to be approximately $14.4 million (2002 – $13.0 million).

The Lieutenant Governor-in-Council, having regard to the condition of the Fund and the amount paid out of the Fund during any period, may direct payment out of the Consolidated Revenue Fund of such an amount as may be considered necessary or advisable to subsidize the Fund.

Ontario

THE FINANCIAL SERVICES COMMISSION OF ONTARIO

SUPERINTENDENT'S REPORT ON INSURANCE 2002

Ontario

SUPERINTENDENT'S REPORT ON INSURANCE 2002

The following information was obtained from the annual filings and, in the case of federally registered insurers, from the Office of the Superintendent of Financial Institutions. While every effort has been made to ensure the accuracy of this report, decisions should not be made solely on the information contained in it. Other sources should also be consulted. Any material changes to this information will be reported to the Minister of Finance and published in The Ontario Gazette.

The information is organized by type of insurer, and insurers are listed alphabetically within each group.

Summary Industry Information 61
Insurance Financial Information 62
Property and Casualty Companies 64
Life Insurance Companies 80
Reinsurance Companies 88
Reciprocal or Interinsurance Exchanges 92
Fraternal Societies 94
Financial Summary Notes 98

The Honourable Greg Sorbara
Minister of Finance
7 Queen's Park Crescent
Toronto, ON M7A 2H6

Dear Minister:

I am pleased to present the 124th annual report under Section 36 of the *Insurance Act* for the year ended December 31, 2002. Prior to the creation of the Financial Services Commission of Ontario, this report was issued by the Superintendent of Insurance.

In addition to the information contained in this report, a listing of all licensed insurers is published each July in The Ontario Gazette. This list contains the names of the insurers, their addresses, telephone numbers, chief agents, and the classes for which they are licensed. During the year, information concerning newly licensed insurers and changes to existing licenses is also published in the Financial Services Commission of Ontario Bulletins. Any broker or member of the public can verify whether a particular insurer is licensed by checking the Commission Internet site – www.fsco.gov.on.ca or by calling our offices at (416) 250-7250, extension 7292.

News releases containing other information of public interest are issued throughout the year. These announcements can effectively reach a large number of Ontario residents. Information is also supplied to industry trade associations for inclusion in their publications to reach more specialized audiences. Financial Services Commission of Ontario Bulletins are issued as required to provide information to insurers and other individuals interested in the insurance industry.

Yours sincerely,

Bryan P. Davies
Superintendent of Financial Services

SUMMARY FINANCIAL INFORMATION

SUMMARY OF COMPANIES LICENCED BY TYPE OF BUSINESS ACTIVITY

as at December 31, 2002, and December 31, 2001

					Analysis of 2002 total		
Business Type	**Total 2001**	**Additions**	**Withdrawals**	**Total 2002**	**Ontario**	**Extra Provincial**	**Federal**
Property & Casualty Companies	224	4	11	217	67	9	141
Life Insurance Companies	108	1	9	100	5	11	84
Reinsurance Companies	46	0	1	45	2	1	42
Reciprocal Exchanges	9	0	0	9	8	0	1
Fraternal Societies	28	0	1	27	3	0	24
Totals	415	5	22	398	85	21	292

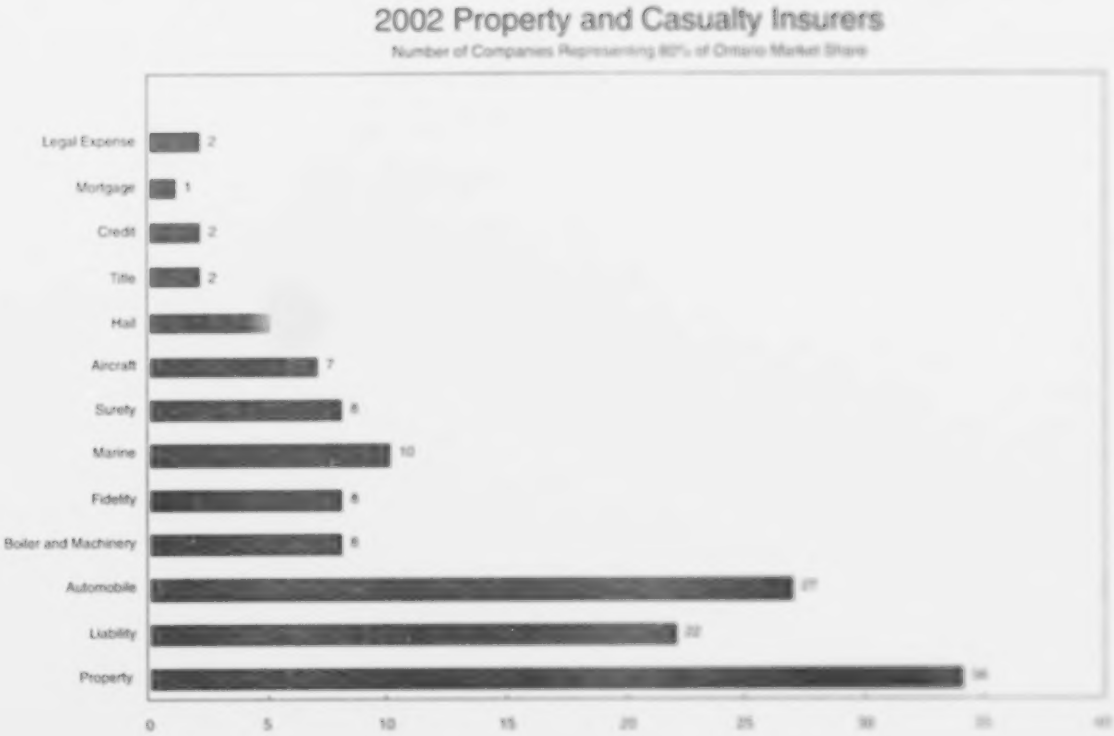
Notes:

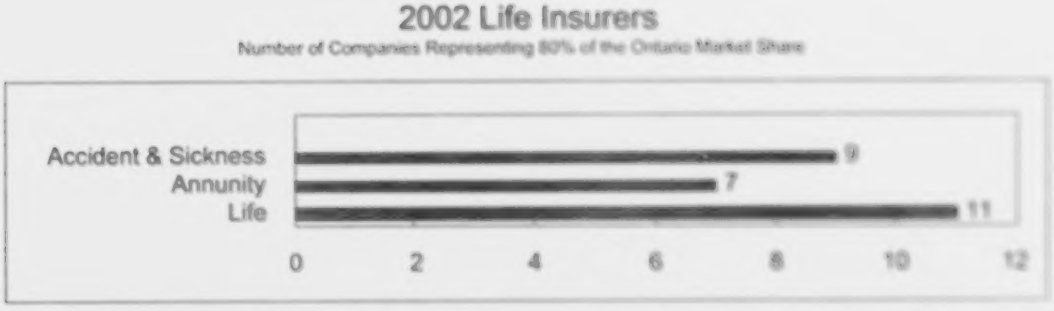
1. Companies writing both property & casualty and life business are listed under Life in the above summary. Their financial performance is shown separately by business type in the following report.

2. Branch operations are included in the Federal totals.

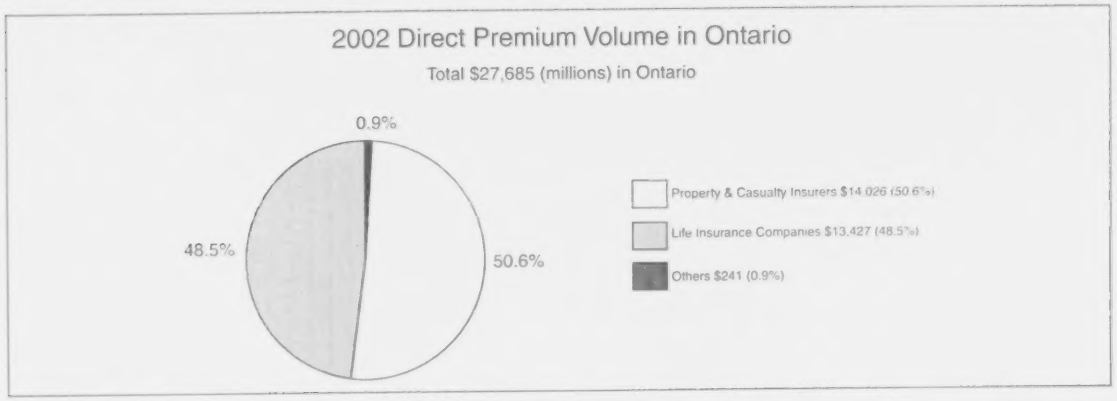
3. The Superintendent's Report 2002, records figures as of the end of the calendar year (December 31, 2002). The Financial Services Commission of Ontario Annual Report 2002-2003, records figures as of the end of the fiscal year (March 31, 2003).

"To gauge the level of competition, FSCO calculates how many companies" represent 80 percent of the market for key products. Please note that effective in 2002 these figures are based on individual companies rather than groups of affiliated companies.

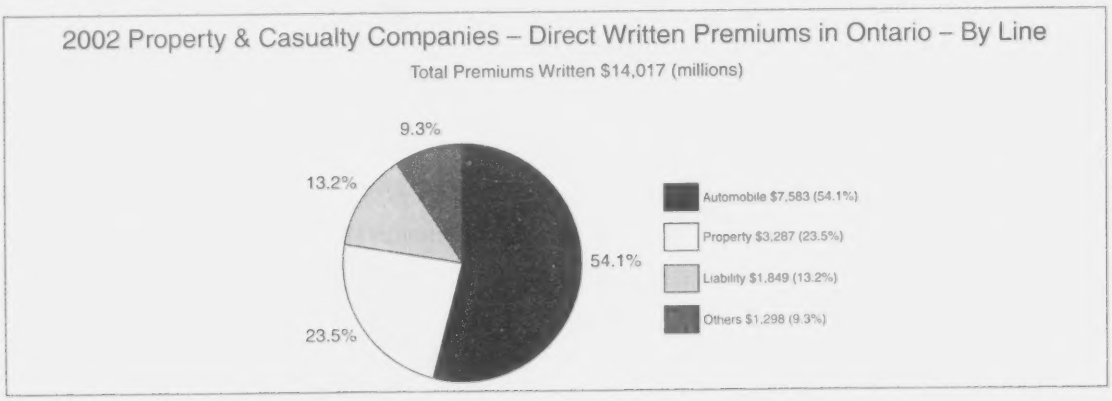




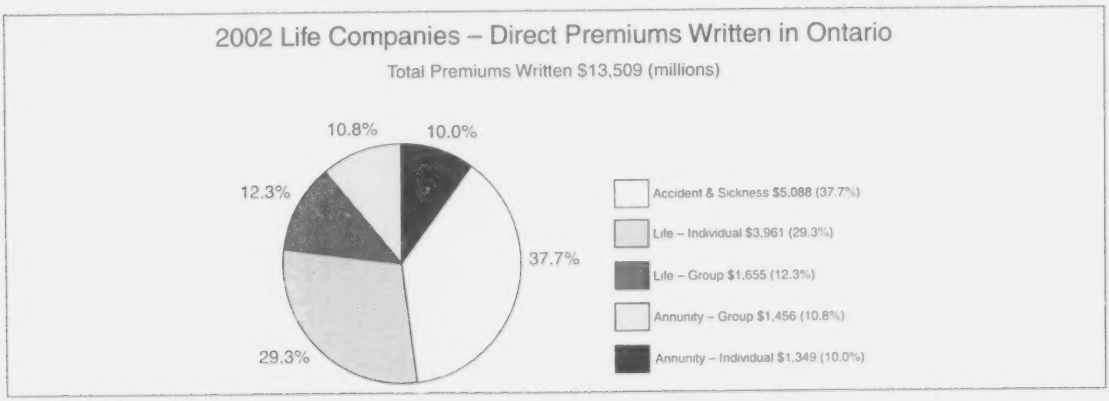
Insurance is a $27 billion business in Ontario. In 2002, of the total premium dollar, 48.5 per cent went to the life insurance industry and 50.6 percent went to the property and casualty (including automobile) insurers.



P&C insurers received $14.0 billion in premiums in 2002. The split among automobile, property and liability insurance was unchanged year over year.



The broad pattern among life insurance companies likewise remained constant. Of the $13 billion spent on premiums to the life insurers, 20.8 percent went to buy annuities, 41.6 percent to purchase individual and group life coverage and 37.6 percent to obtain accident and sickness insurance.



PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2002 (in thousands)

Note		ONTARIO BUSINESS Direct premiums written $	Direct claims incurred $
	ONTARIO		
	Algoma Mutual Insurance Company	5,835	3,796
	Amherst Island Mutual Fire Insurance Company	283	186
	Ayr Farmers' Mutual Insurance Company	9,800	4,770
	Bay of Quinte Mutual Insurance Co.	10,879	7,602
	Bertie and Clinton Mutual Insurance Company	5,374	3,047
	Blanshard Mutual Insurance Company	2,004	1,850
	Brant Mutual Insurance Company	0	2,128
	CAA Insurance Company (Ontario)	109,221	94,612
1	Canadian Millers' Mutual Insurance Company	0	0
	Caradoc Delaware Mutual Fire Insurance Company	819	1,027
	Cayuga Mutual Fire Insurance Company	2,626	2,075
	Coachman Insurance Company	33,114	49,480
	Commerce and Industry Insurance Company of Canada	43,465	31,080
	Coronation Insurance Company, Limited	0	(4)
	Culross Mutual Insurance Company	1,767	1,249
	Downie Mutual Insurance Company, The	3,558	2,805
	Dufferin Mutual Insurance Company	8,179	3,924
	Dumfries Mutual Insurance Company	7,549	4,147
	Elma Mutual Insurance Company	8,560	6,257
	Erie Mutual Fire Insurance Company	3,416	2,459
	Farmers' Mutual Fire Insurance Company (Lindsay)	51,209	40,000
	Formosa Mutual Insurance Company	17,096	12,071
	Gerling Canada Insurance Company	81,326	40,270
	Germania Farmers' Mutual Fire Insurance Company	5,907	3,496
	Glengarry Farmers' Mutual Fire Insurance Company	4,206	2,641
	Grenville Mutual Insurance Company	9,359	10,813
	Grey & Bruce Mutual Insurance Company	1,317	622
	Halwell Mutual Insurance Company	9,268	4,907
	Hamilton Township Farmers' Mutual Fire Insurance Company, The	14,653	12,804
	Hay Mutual Insurance Company	5,300	3,973

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
8,806	6,496	2,310	87	(604)
1,237	348	889	32	62
23,665	10,836	12,829	68	529
18,877	9,034	9,843	66	279
26,472	8,448	18,024	66	1,038
5,953	2,227	3,726	102	(264)
9,629	3,897	5,732	73	(109)
225,529	181,494	44,035	94	(9,927)
0	0	0	n.a.	0
6,695	759	5,936	95	4
12,208	2,729	9,479	91	(58)
73,757	73,010	747	132	(17,169)
523,961	462,552	61,409	80	4,214
6,652	3,483	3,169	n.a.	(13)
3,139	1,976	1,163	99	(4)
10,278	3,768	6,510	82	(214)
14,187	9,584	4,603	71	(592)
21,674	6,884	14,790	67	352
15,999	10,777	5,222	74	(52)
16,225	2,948	13,277	92	(67)
108,780	77,362	31,418	83	(1,027)
30,990	21,150	9,840	67	352
505,762	431,726	74,036	59	10,652
10,974	5,561	5,413	81	(738)
9,803	3,041	6,762	58	336
44,216	16,361	27,855	85	125
3,948	1,005	2,943	60	62
18,293	8,051	10,242	66	(41)
23,736	15,925	7,811	90	(1,665)
24,467	5,821	18,646	76	915

PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

ONTARIO BUSINESS

year ended December 31, 2002 (in thousands)

Note		Direct premiums written $	Direct claims incurred $
	ONTARIO cont.		
	Heritage General Insurance Company	10,315	2,935
	Howard Mutual Fire Insurance Company	4,996	3,461
	Howick Mutual Insurance Company	8,407	6,526
	Kent & Essex Mutual Insurance Company	9,314	6,190
	Kingsway General Insurance Company	166,963	161,967
	Lambton Mutual Insurance Company	9,603	7,107
	Lanark Mutual Insurance Company	13,660	10,499
	Lawyers' Professional Indemnity Company	81,264	64,671
	Lennox and Addington Mutual Fire Insurance Company, The	2,690	2,009
	Loyalist Insurance Company, The	7,579	11,438
2	Markham General Insurance Company	0	0
	McKillop Mutual Insurance Company	4,131	2,455
	Middlesex Mutual Insurance Co.	5,168	4,115
	Norfolk Mutual Insurance Company	4,641	2,723
	North Blenheim Mutual Insurance Company	5,483	4,414
	North Kent Mutual Fire Insurance Company	3,494	2,477
	Optimum Frontier Insurance Company	44,178	48,378
	Oxford Mutual Insurance Company	7,416	8,482
	Pembridge Insurance Company	129,414	116,184
	Peel and Maryborough Mutual Insurance Company	8,804	6,298
	Peel Mutual Insurance Company	20,819	10,733
	Pilot Insurance Company	555,504	428,693
	Premier Insurance Company	178	0
	Prescott Mutual Insurance Company	592	538
	Scottish & York Insurance Co. Limited	120,504	105,441
	Sherway Insurance Company Limited	0.5	0
	South Easthope Mutual Insurance Company	8,167	5,735
	Town & Country Mutual Insurance Company	3,741	2,705
	Townsend Farmers' Mutual Fire Insurance Company	2,839	3,426
	TTC Insurance Company Limited	0	0

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
22,249	10,517	11,732	55	1,480
27,071	7,068	20,003	86	469
15,650	9,754	5,896	92	(831)
33,154	10,895	22,259	80	557
507,680	480,006	27,674	99	(13,360)
33,621	11,381	22,240	85	462
39,464	14,441	25,023	75	324
410,656	329,684	80,972	85	8,635
6,582	2,846	3,736	87	(251)
21,801	19,805	1,996	99	(4,081)
0	0	0	n.a.	0
10,432	4,691	5,741	75	231
18,343	7,155	11,188	97	(593)
9,451	5,458	3,993	67	242
12,662	4,693	7,969	88	(977)
18,555	3,275	15,280	72	150
134,686	121,626	13,060	87	(2,923)
16,107	11,343	4,764	90	(1,118)
567,099	486,361	80,738	95	(13,417)
17,288	7,474	9,814	61	700
43,745	26,394	17,351	56	1,742
1,088,175	931,860	156,315	85	4,281
3,385	367	3,018	0	3
988	567	421	49	(14)
454,843	391,392	63,451	88	536
5,215	73	5,142	n.a.	(117)
21,011	8,056	12,955	84	279
16,560	3,557	13,003	89	(130)
10,802	5,418	5,384	89	(67)
32,256	32,156	100	n.a.	0

PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2002 (in thousands)

Note		Direct premiums written $	ONTARIO BUSINESS Direct claims incurred $
	ONTARIO cont.		
	Usborne and Hibbert Mutual Fire Insurance Company	3,938	3,373
	Wabisa Mutual Insurance Company	3,918	2,457
	West Elgin Mutual Insurance Company	6,676	6,358
	West Wawanosh Mutual Insurance Company, The	15,980	15,036
	Westminster Mutual Insurance Company, The	3,337	2,462
	Yarmouth Mutual Fire Insurance Company, The	3,223	1,693
	York Fire & Casualty Insurance Company	48,898	39,204
		1,782,325	1,454,270
	EXTRA PROVINCIAL		
	Alberta Motor Association Insurance Company's	0	0
	Belair Insurance Company Inc.	117,198	162,373
	Canadian Union Insurance Company, The	2,093	332
	Canassurance, Compagnie d'Assurances Générales Inc.	54	205
	Innovative Insurance Corporation	22	10
3	La Sécurité, assurances générales inc.	0	0
	La Mutuelle d'Eglise de L'Inter-Ouest	23	3
	SGI CANADA Insurance Services Ltd.	132	153
	Trans Global Insurance Comany	4,215	155
		123,737	163,231
	FEDERAL		
4	ACE INA Insurance	125,853	21,373
	Allianz Insurance Company of Canada	310,973	235,007
	Allstate Insurance Company of Canada	337,349	320,641
5	Alta Surety Company	0	0
	AXA Insurance (Canada)	250,546	208,167
	AXA Pacific Insurance Company	10,916	2,404
	Boiler Inspection and Insurance Company of Canada, The	16,813	3,089
	Canadian Northern Shield Insurance Company	2,505	1,228
	Certas Direct Insurance Company	125,803	109,858
	CGU Insurance Company of Canada	483,947	392,268

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
24,938	3,435	21,503	76	1,048
9,483	5,331	4,152	75	50
19,842	8,953	10,889	74	676
30,821	22,486	8,335	91	(1,044)
6,578	3,531	3,047	67	363
10,458	2,300	8,158	86	136
95,580	83,804	11,776	118	(3,130)
5,603,143	4,465,406	1,137,737		(33,313)
308,713	226,612	82,101	88	(1,437)
633,558	529,212	104,346	74	2,909
235,923	189,272	46,651	63	6,789
7,243	1,066	6,177	31	68
4,244	1,241	3,003	54	(87)
0	0	0	n.a.	0
4,163	125	4,038	17	314
21,495	10,329	11,166	62	(14,472)
10,450	2,019	8,431	3	5,032
1,225,789	959,876	265,913		(904)
572,507	478,367	94,140	61	17,973
1,511,877	1,261,644	250,233	83	(6,675)
1,649,935	1,240,393	409,542	89	(28,106)
0	0	0	n.a.	0
661,573	576,639	84,934	92	(11,035)
486,761	388,989	97,772	73	(1,585)
130,151	86,925	43,226	27	8,856
206,104	167,028	39,076	68	(3,735)
213,178	166,017	47,161	78	(4,705)
3,133,115	2,550,570	582,545	74	22,392

PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2002 (in thousands)

Note		ONTARIO BUSINESS Direct premiums written $	Direct claims incurred $
	FEDERAL cont.		
	Chubb Insurance Company of Canada	259,998	149,199
	Citadel General Assurance Company, The	115,318	121,175
	Commonwealth Insurance Company	28,170	14,288
	Constitution Insurance Company of Canada	0	26
	Co-Operators General Insurance Company	570,268	459,444
	Coseco Insurance Company	79,849	63,879
	CUMIS General Insurance Company	29,032	28,435
6	Dominion of Canada General Insurance Company, The	565,306	354,135
	Echelon General Insurance Company	60,732	39,812
	Economical Mutual Insurance Company	573,321	417,752
	Elite Insurance Company	37,046	18,542
	Everest Insurance Company of Canada	185	211
	Federated Insurance Company of Canada	36,950	37,919
	Federation Insurance Company of Canada	89,514	61,944
	First North American Insurance Company	2,120	1,742
	GE Capital Mortgage Insurance Company (Canada)	159,733	8,030
	Gold Circle Insurance Company	0	0
	Gore Mutual Insurance Company	105,685	77,478
	Grain Insurance and Guarantee Company	6,541	1,636
	Granite Insurance Company	0	139
	Guarantee Company of North America, The	182,673	121,227
7	ING Insurance Company of Canada	969,535	753,279
	ING Novex Insurance Company of Canada	80,551	64,502
	ING Western Union Insurance Company	966	1,063
	Jevco Insurance Company	5,895	2,742
	Langdon Insurance Company	24,364	21,832
	Legacy General Insurance Company	11,469	1,343
	Liberty Insurance Company of Canada	73,296	78,565
	Lombard General Insurance Company of Canada	283,316	188,539
	Lombard Insurance Company	102,202	65,282

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
1,188,416	935,206	253,210	55	43,533
575,598	453,215	122,383	71	(580)
1,098,621	891,436	207,185	81	20,077
4,715	1,922	2,793	n.a.	(58)
2,617,493	1,985,157	632,336	87	(1,138)
286,944	251,694	35,250	80	1,603
92,451	78,453	13,998	86	(1,338)
1,597,331	1,201,257	396,074	73	26,058
154,742	128,762	25,980	91	(878)
2,161,418	1,508,721	652,697	78	23,644
197,072	145,454	51,618	64	7,024
17,867	3,354	14,513	117	300
232,851	193,514	39,337	59	4,747
324,029	268,733	55,296	71	3,503
15,530	10,505	5,025	78	13,327
1,301,939	768,050	533,889	10	78,967
4,109	28	4,081	n.a.	28
270,839	189,028	81,811	81	(6,185)
52,301	37,725	14,576	58	765
4,075	1,048	3,027	n.a.	(578)
731,566	357,857	373,709	68	21,721
4,203,823	3,576,181	627,642	74	17,557
254,195	232,186	22,009	74	(553)
936,647	806,080	130,567	74	12,606
280,968	223,984	56,984	71	2,624
58,089	39,665	18,424	73	(494)
36,877	9,413	27,464	21	4,594
235,235	194,173	41,062	94	(12,582)
1,001,983	851,291	150,692	67	13,482
307,600	259,784	47,816	74	(2,569)

PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2002 (in thousands)

Note		ONTARIO BUSINESS Direct premiums written $	ONTARIO BUSINESS Direct claims incurred $
	FEDERAL cont.		
	London and Midland General Insurance Company	27,155	6,066
	London Guarantee Insurance Company	79,765	114,926
	Markel Insurance Company of Canada	101,216	70,054
	Missisquoi Insurance Company, The	16	3,182
	Mortgage Insurance Company of Canada, The	0	488
	Nordic Insurance Company of Canada, The	(4)	6,684
	North Waterloo Farmers Mutual Insurance Company, The	24,382	13,589
	Northern Indemnity, Inc.	10,039	677
	Old Republic Insurance Company of Canada	29,544	30,010
8	Personal Insurance Company, The	153,052	117,790
	Perth Insurance Company	51,371	44,415
	Portage La Prairie Mutual Insurance Company, The	11,630	11,457
9	Primmum Insurance Company	103,550	80,149
	Quebec Assurance Company	1	0
	RBC General Insurance Company	86,896	80,678
	RBC Travel Insurance Company	83,979	32,484
	Royal Insurance Company of Canada	578,794	558,012
	Scotia General Insurance Company	0	0
	Security National Insurance Company	219,624	146,225
	Sovereign General Insurance Company, The	67,520	36,770
	TD Direct Insurance Inc.	0	0
	TD General Insurance Company	35,592	33,294
	Temple Insurance Company	81,357	41,118
	Traders General Insurance Company	231,848	191,862
	Trafalgar Insurance Company of Canada	108,145	83,631
	Travelers Casualty & Surety Company of Canada	21,715	21,959
	Unifund Assurance Company	128,921	82,249
	Waterloo Insurance Company	31,552	25,144
	Wawanesa Mutual Insurance Company, The	297,523	230,260
	Western Assurance Company	166,571	115,694

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
204,396	114,062	90,334	34	26,164
408,140	356,748	51,392	89	(21,444)
372,891	321,910	50,981	77	6,083
193,303	138,079	55,224	57	8,391
170,575	36,188	134,387	6	5,719
1,242,084	979,100	262,984	74	16,887
45,712	25,345	20,367	56	926
88,789	28,272	60,517	6	5,468
152,122	113,563	38,559	114	(4,779)
489,488	384,272	105,216	76	(1,952)
133,310	103,115	30,195	85	(1,512)
164,005	118,968	45,037	77	(319)
416,264	354,837	61,427	75	12,308
444,006	355,146	88,860	88	(14,340)
210,615	127,386	83,229	94	(11,104)
160,380	89,593	70,787	30	1,792
3,460,021	2,916,901	543,120	88	(67,214)
35,367	6	35,361	n.a.	154
966,820	771,078	195,742	76	22,241
317,251	265,466	51,785	63	4,413
12,002	198	11,804	n.a.	182
134,549	113,887	20,662	82	200
429,282	332,085	97,197	70	4,152
850,139	655,236	194,903	81	47
230,661	198,192	32,469	81	(1,927)
131,618	90,007	41,611	52	4,304
368,758	290,768	77,990	71	5,746
88,244	57,299	30,945	87	(955)
2,698,141	1,582,661	1,115,480	79	(18,588)
346,624	315,644	30,980	88	(274)

PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2002 (in thousands)

Note		Direct premiums written $	ONTARIO BUSINESS Direct claims incurred $
	FEDERAL cont.		
	Western Surety Company	1,177	31
	Zenith Insuance Company	32,572	26,075
		8,884,244	6,653,368
	BRANCH		
10	Aegon Insurance Company (U.K.) Limited	0	0
	Affiliated FM Insurance Company	21,175	5,572
	Allendale Mutual Insurance Company	76,882	22,187
	Allstate Insurance Company	0	0
	American Bankers Insurance Company of Florida	92,319	22,221
	American Credit Indemnity Company	16,369	8,483
	American Home Assurance Company	249,362	138,039
	American Re-Insurance Company	2,223	1,082
	American Road Insurance Company, The	3,709	1,384
	Ascentus Insurance Ltd.	21,737	10,285
	Avemco Insurance Company	1,417	1,149
	Aviation & General Insurance Company Limited	0	2
	AXA Corporate Solutions Assurance	5,731	2,727
11	Balboa Insurance Company	0	0
	British Aviation Insurance Company Limited, The	(71)	270
	Centennial Insurance Company	1,940	485
	Chicago Title Insurance Company	259	(23)
12	Combined Specialty Insurance Company	242	3,068
	Commercial Union Assurance Company PLC	15,905	9,992
	Continental Casualty Company	61,210	32,720
	Daimler-Chrysler Insurance Company	2,237	550
	Eagle Star Insurance Company Limited	2,699	1,857
	Ecclesiastical Insurance Office Public Limited Company	19,587	15,218
13	Employers Insurance Company of Wausau	5	(597)
	Employers Reinsurance Corporation	52,015	27,469
	Federal Insurance Company	2,174	(538)

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
20,623	10,994	9,629	7	1,208
92,701	65,761	26,940	83	(2,835)
43,889,406	33,833,215	10,056,191		241,929
0	0	0	n.a.	0
118,461	65,593	52,868	31	13,823
548,606	297,297	251,309	38	53,084
17,382	3,847	13,535	(6)	3,962
190,016	120,142	69,874	18	6,024
81,176	38,632	42,544	53	4,872
1,814,966	1,483,612	331,354	80	42,486
349,518	151,840	197,678	196	(15,637)
41,576	1,106	40,470	45	4,749
61,308	50,975	10,333	102	(2,438)
14,315	5,710	8,605	62	693
1,760	590	1,170	n.a.	(37)
151,704	107,182	44,522	83	1,864
0	0	0	n.a.	0
20,852	11,884	8,968	122	284
12,110	6,521	5,589	64	(191)
5,185	2,779	2,406	37	(80)
56,150	11,211	44,939	84	3,597
124,656	88,289	36,367	65	3,227
631,218	419,546	211,672	68	27,535
36,611	2,614	33,997	32	4,571
33,793	22,869	10,924	59	1,757
128,841	92,555	36,286	62	3,422
47,459	9,763	37,696	(2,148)	7,403
725,766	460,916	264,850	79	18,199
31,262	9,013	22,249	(14)	2,018

PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2002 (in thousands)

Note	BRANCH cont.	Direct premiums written $	Direct claims incurred $
	First American Title Insurance Company	32,423	[illegible]
	General Reinsurance Corporation	0	0
	Great American Insurance Company	17,330	[illegible]
	Great American Insurance Company of New York	123	[illegible]
	Hanover Insurance Company, The	0	0
	Hartford Fire Insurance Company, The	6,020	[illegible]
	Home Insurance Company, The	0	[illegible]
	ICAROM Public Limited Company	0	[illegible]
	Lawyers Title Insurance Corporation	2,034	[illegible]
	Liberty Mutual Fire Insurance Company	1,989	[illegible]
	Liberty Mutual Insurance Company	599,237	[illegible]
	Lloyd's Underwriters	260,248	[illegible]
	Lumbermens Mutual Casualty Company	7,366	[illegible]
	Maritime Insurance Company Limited	14,371	[illegible]
	Maryland Casualty Company	0	0
	Mitsui Sumitomo Insurance Company Limited		
	Motors Insurance Corporation	225,259	[illegible]
	NAC Reinsurance Corporation	0	[illegible]
	New Hampshire Insurance Company	532	[illegible]
	Nipponkoa Insurance Company Limited	527	[illegible]
	North American Specialty Insurance Company	0	0
	Pearl Assurance Public Limited Company	0	0
	Progressive Casualty Insurance Company	(48)	[illegible]
	Protective Insurance Company	143	[illegible]
	Providence Washington Insurance Company	2,288	[illegible]
	Security Insurance Company of Hartford	6,470	[illegible]
	Sentry Insurance, A Mutual Company	774	[illegible]
	Shandia Insurance Company Ltd.	0	[illegible]
14	Sompo Japan Insurance Inc.	1,930	[illegible]
	Specialty National Insurance Company	0	[illegible]

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
37,267	9,401	27,866	10	4,276
671,504	496,127	175,377	113	(34,268)
129,033	61,937	67,096	14	6,990
5,373	2,439	2,934	n.a.	192
3,035	69	2,966	n.a.	(34)
258,669	92,624	166,045	63	13,989
50,882	11,106	39,776	n.a.	596
3,268	76	3,192	n.a.	245
5,385	2,760	2,625	29	291
120,806	61,184	59,622	195	1,391
1,744,152	1,125,538	618,614	84	16,831
1,691,301	1,505,019	186,282	74	56,582
85,886	40,639	45,247	105	1,003
15,130	7,432	7,698	64	1,132
1,888	0	1,888	n.a.	5
45,144	29,024	16,120	46	4,762
593,148	456,312	136,836	93	12,672
108,991	78,972	30,019	67	377
89,336	45,634	43,702	91	2,185
21,525	4,973	16,550	(8)	1,902
5,199	35	5,164	n.a.	(37)
1,657	17	1,640	n.a.	(61)
83,036	43,739	39,297	(21)	4,142
8,063	918	7,145	149	(21)
19,630	10,912	8,718	38	641
148,742	97,887	50,855	74	3,995
22,891	5,680	17,335	123	215
12,648	798	11,850	n.a.	1,118
25,271	3,979	21,292	69	899
7,223	343	6,880	n.a.	193

PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY

ONTARIO BUSINESS

year ended December 31, 2002 (in thousands)

Note		Direct premiums written $	Direct claims incurred $
	BRANCH cont.		
	St. Paul Fire and Marine Insurance Company	83,586	55,930
	State Farm Fire and Casualty Company	239,096	189,089
	State Farm Mutual Automobile Insurance Company	702,359	794,263
	Stewart Title Guaranty Company	32,882	7,088
	T.H.E. Insurance Company	37	12
	TIG Insurance Company	1,520	20,619
	Tokio Marine and Fire Insurance Company Limited, The	9,255	4,261
	Trade Indemnity PLC	0	0
	Travelers Indemnity Company, The	5	(415)
	UAP – New Rotterdam Insurance Company NV	0	895
	Underwriters Reinsurance Company	0	0
	Utica Mutual Insurance Company	289	608
	Zurich Insurance Company	337,953	207,025
		3226,328	2401,681
	Totals	14,016,834	10,672,330

TOTAL COMPANY

Total assets	Total liabilities	Excess of assets over liabilities	Claims incurred to earned premium	Net income/ (loss)
$	$	$	%	$
779,857	479,247	300,610	68	34,159
470,330	369,677	100,653	82	(76,597)
2,015,806	1,578,996	436,810	115	(247,293)
24,517	8,292	16,225	22	3,860
1,734	74	1,660	120	(12)
62,833	57,957	4,876	335	(21,329)
49,554	25,391	24,163	51	2,469
0	0	0	n.a.	0
111,727	45,284	66,443	235	3,361
8,605	3,183	5,422	n.a.	(1)
2,025	2	2,023	n.a.	(32)
25,782	5,069	20,713	109	508
1,380,990	1,219,051	161,939	80	(93,338)
16,394,500	11,452,307	4,942,193		(104,857)
67,112,838	30,710,804	16,402,034		102,853

Ontario

LIFE INSURANCE COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2002 (in thousands)

Note		Direct premiums written $	ONTARIO BUSINESS Benefits and payments to policyholders $
	ONTARIO		
	CT Financial Assurance Company	5,612	2,378
	Gerling Global Life Insurance Company	0	0
	Ingle Life & Health Assurance Co.	(55)	0
13	Security Life Insurance Company	0	0
	Union du Canada Assurance-vie	1,131	804
		6,688	3,182
	EXTRA PROVINCAL		
	Acadia Life	0	0
	Assomption Compagnie d\ssurance-vie	1,372	1,323
	AXA Assurance Inc.	1,001	266
	Canassurance Life Insurance Company Inc.	35,563	28,895
16	Desjardins Financial Security Life Assurance Company	292,900	332,881
	First Canadian Insurance Corporation	15,002	2,411
	Industrial Alliance Life Insurance Company	178,154	134,703
	National Bank Life Insurance Company	7,610	2,274
	Penmutual Life Inc.	0	0
	SSQ, Societe d' Assurance-ie Inc.	10,452	5,843
	Trans Global Life Insurance Company	786	141
		542,840	508,737
	FEDERAL		
	ACE INA Life Insurance	0	0
	AIG Insurance Canada	54,937	43,779
	AIG Life Insurance Company of Canada	112,402	29,750
	Allianz Life Insurance Company of Canada	0	0
	Blue Cross Life Insurance Company of Canada	4,033	1,748
	Canada Life Assurance Company, The	1,746,060	1,381,901
	Canadian Premier Life Insurance Company	36,691	10,783
	Chrysler Life Insurance Company of Canada	0	0
	CIBC Life Insurance Company Limited	13,666	2,110
	CIGNA Life Insurance Company of Canada	29,666	12,391

TOTAL COMPANY

Total assets	Total liabilities	Excess of assets over liabilities	Net profit/ (loss)
$	$	$	$
29,107	21,569	7,538	662
108,541	37,289	71,252	2,035
20,958	15,513	5,445	520
0	0	0	0
65,296	54,675	10,621	199
223,902	129,046	94,856	3,436
45,572	31,833	13,739	373
451,064	402,667	48,397	5,537
247,233	161,571	85,662	6,102
76,719	49,722	26,997	3,061
8,782,193	7,456,363	1,325,830	103,933
118,137	79,437	38,700	8,168
6,144,383	4,888,953	1,255,430	104,144
118,612	68,802	49,810	14,582
16,309	5,540	10,769	620
1,296,664	1,138,897	157,767	14,040
7,363	716	6,849	943
17,304,471	14,284,521	3,019,950	261,305
3,213	229	4,986	(14)
524,403	461,768	62,635	13,063
607,938	503,835	104,103	6,432
3,362	329	3,033	(3)
129,644	98,721	30,923	2,362
22,363,373	18,406,462	3,956,911	306,168
91,320	34,400	57,920	6,195
0	0	0	0
63,636	7,617	56,199	3,982
74,051	61,138	10,893	973

Ontario

LIFE INSURANCE COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2002 (in thousands)

Note		Direct premiums written $	ONTARIO BUSINESS Benefits and payments to policyholders $
	FEDERAL cont.		
17	Clarica Life Insurance Company	0	0
	CNA Life Insurance Company of Canada	13,611	4,043
	Commercial Union Life Assurance Company of Canada	37,627	12,632
	CompCorp Life Insurance Company	0	0
	Co-Operators Life Insurance Company	203,010	127,056
18	Confederation Life Insurance Company	0	0
	Crown Life Insurance Company	0	0
	CUMIS Life Insurance Company	63,883	37,374
19	Empire Life Insurance Company, The	249,442	204,939
	Equitable Life Insurance Company of Canada, The	194,064	131,673
	Federated Life Insurance Company of Canada	9,041	3,361
	Great-West Life Assurance Company, The	1,281,910	1,108,368
	Industrial-Alliance Pacific Life Insurance Company	69,888	36,334
	London Life Insurance Company	900,889	930,933
	Manufacturers Life Insurance Company, The	1,713,332	1,636,827
20	Manulife Canada Ltd.	43,064	28,063
21	Maritime Life Assurance Company, The	1,244,471	674,733
	MD Life Insurance Company	10,360	930
	National Life Assurance Company of Canada, The	216,663	234,342
	Penncorp LifeInsurance Company	23,306	3,008
	Primerica Life Insurance Company of Canada	69,329	20,020
	RBC Life Insurance Company	160,312	73,678
	Reliable Life Insurance Company	28,394	17,361
	Scotia Life Insurance Company	3,798	1,928
	Standard Life Assurance Company of Canada, The	648	2,078
	Sun Life Assurance Company of Canada	3,620,830	2,641,396
	TD Life Insurance Company	7,961	2,691
	Transamerica Life Canada	273,366	168,748
22	Unity Life of Canada	32,031	33,305
	Wawanesa Life Insurance Company, The	55,252	7,961
		11,395,986	9,628,967

TOTAL COMPANY

Total assets	Total liabilities	Excess of assets over liabilities	Net profit/ (loss)
$	$	$	$
0	0	0	0
3,397,775	3,221,857	175,918	1,680
610,120	488,426	121,694	7,742
10,111	146	9,963	(35)
1,917,910	1,603,743	314,167	53,470
0	0	0	0
1,051,281	711,904	339,377	19,809
515,337	443,298	72,039	15,116
2,443,679	2,047,580	396,099	12,900
863,134	734,241	128,893	10,740
48,290	34,944	13,346	1,899
11,780,861	9,188,952	2,591,909	475,063
1,805,220	1,573,813	231,407	32,577
18,172,331	16,471,373	1,700,958	193,356
33,333,982	26,590,263	6,743,719	1,351,583
717,694	590,224	127,470	37,170
9,201,167	8,042,000	1,159,167	66,816
86,017	63,410	20,607	1,769
1,812,969	1,526,783	286,186	29,069
234,694	174,970	59,724	12,838
239,663	(28,205)	267,868	48,997
1,393,290	1,164,360	228,730	(3,578)
66,138	28,636	36,502	1,317
57,408	(6,906)	64,314	4,383
163,347	112,684	12,863	2,981
68,153,668	57,397,348	10,756,320	861,024
28,473	(775)	23,246	971
5,286,867	3,573,090	913,768	37,072
140,196	116,805	16,900	1,720
110,330	107,896	12,165	1,881
340,395,500	310,620,400	53,082,092	1,819,789

Ontario

LIFE INSURANCE COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2002 (in thousands)

Note	BRANCH	ONTARIO BUSINESS: Direct premiums written $	ONTARIO BUSINESS: Benefits and payments to policyholders $
	Aetna Life Insurance Company	2,035	3,206
	Allianz Life Insurance Company of North America	2,847	1,066
	Allstate Life Insurance Company	0	0
	American Bankers Life Assurance Company of Florida	72,209	14,735
	American Income Life Insurance Company	9,672	1,631
	AMEX Assurance Company	849	107
	Associates Financial Life Insurance Company	11,691	1,646
23	Balboa Life Insurance Company	0	0
	Bankers Life and Casualty Company	2,064	793
	Combined Insurance Company of America	34,925	13,323
	Connecticut General Life Insurance Company	7,569	4,370
	Cuna Mutual Insurance Society	231	729
	Equitable Life Assurance Society of The United States, The	75	5,926
	First Allmerica Finanial Life Insurance Company	21	185
	Forethought Life Insurance Company	6,571	6,156
	Fortis Benefits Insurance Company	32,307	5,367
	General American Life Insurance Company	0	0
	Gerber Life Insurance Company	372	10
	Hartford Life Insurance Company	50	842
	Household Life Insurance Company	6,497	2,304
	John Alden Life Insurance Company	0	13
	John Hancock Life Insurance Company	38	647
	Liberty Life Assurance Company of Boston	49,942	18,840
	Life Insurance Company of North America	1,160	3,236
	Life Investors Insurance Company of America	4,323	1,113
	Lincoln Heritage Life Insurance Company o/a Superior Life Ins. Co.	4,056	320
	Lincoln National Life Insurance Company, The	0	0
	Massachusetts Mutual Life Insurance Company	39	322
	Metropolitan Life Insurance Company	237,407	82,683
	Minnesota Life Insurance Company	264	233

TOTAL COMPANY

Total assets	Total liabilities	Excess of assets over liabilities	Net profit/ (loss)
$	$	$	$
47,092	19,284	27,808	990
134,734	44,525	90,209	6,131
2,770	9	2,761	54
167,058	102,334	64,724	6,783
78,768	31,642	47,126	(20,779)
7,134	477	6,657	83
88,852	37,053	51,799	5,635
0	0	0	0
5,750	529	5,221	955
420,685	258,553	162,132	21,225
62,054	46,265	15,789	132
23,563	17,457	6,106	75
28,614	13,868	14,746	(312)
2,486	1,954	532	8
129,164	106,625	22,539	2,482
239,804	209,367	30,437	2,121
939,363	644,798	314,765	7,746
11,506	693	10,813	(302)
32,446	22,211	10,233	(1,068)
80,366	23,300	57,066	7,043
2,124	1,208	916	(84)
17,608	9,700	7,908	(1,363)
72,845	54,164	18,681	3,041
38,551	20,340	18,211	(1,620)
174,486	105,646	68,840	9,763
12,183	4,608	7,575	(417)
330,378	2,365	328,013	24,366
14,451	5,168	9,283	782
1,745,660	672,089	1,073,571	90,331
2,836	111	2,747	649

LIFE INSURANCE COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2002 (in thousands)

Note		Direct premiums written $	ONTARIO BUSINESS Benefits and payments to policyholders $
	BRANCH cont.		
	National Fidelity Life Insurance Company	339	259
	New York Life Insurance Company	18,327	15,897
	Pennsylvania Life Insurance Company	0	0
24	Phoenix Life Insurance Company	0	0
	Principal Life Insurance Company	173	417
	Provident Life and Accident Insurance Company	241,263	171,925
	Prudential Insurance Company of America, The	6,610	11,118
	Royal Maccabees Life Insurance Company	9	247
	Standard Life Assurance Company, The	353,648	733,064
	State Farm Life Insurance Company	63,390	37,471
25	Stonebridge Life Insurance Company	49	(9)
	Travelers Insurance Company, The	0	384
	Union Fidelity Life Insurance Company	0	0
	United American Insurance Company	518	506
		1,371,740	1,161,084
	Totals	13,426,834	11,301,370

TOTAL COMPANY

Total assets	Total liabilities	Excess of assets over liabilities	Net profit/ (loss)
$	$	$	$
5,264	2,099	3,165	56
220,060	87,235	132,825	5,139
1,282	0	1,282	36
2,154	680	1,474	46
10,375	7,605	2,970	(779)
2,040,195	1,483,113	557,082	53,352
478,663	316,788	161,875	14,038
12,316	5,079	7,237	234
12,834,176	11,519,186	1,314,990	75,305
753,286	605,814	147,472	5,452
32,310	4,010	28,300	3,446
25,262	4,939	20,323	1,355
6,468	0	6,468	426
10,736	5,924	4,812	686
21,366,500	16,499,815	4,866,685	282,464
226,397,373	185,533,790	41,063,583	4,367,194

REINSURANCE COMPANIES

FINANCIAL SUMMARY

year ended December 31, 2002 (in thousands)

This table lists only those companies which are licensed solely for the business of reinsurance.

Note		ONTARIO BUSINESS	
		Premiums assumed	Net losses incurred
		$	$
	ONTARIO		
	Farm Mutual Reinsurance Plan Inc.	67,334	46,553
	Gerling Global Reinsurance Company	40,425	26,603
		107,759	73,156
	EXTRA PROVINCIAL		
	Optimum Reassurance Inc.	24,034	5,584
	FEDERAL		
	Anglo Canada General Insurance Company	94,341	77,306
	Munich Reinsurance Company of Canada	185,184	48,145
26	Odyssey Reinsurance Company of Canada	0	0
	RGA Life Reinsurance Company of Canada	134,002	12,728
	SCOR Canada Reinsurance Company	107,946	53,925
	Swiss Re Life & Health Canada	234,634	63,697
	Swiss Reinsurance Company Canada	131,330	30,143
27	Succia Reinsurance Company	0	200
		907,437	286,144
	BRANCH		
	Alea Europe Ltd.	1,303	1,393
	American Agricultural Insurance Company	6,337	3,851
	AXA Corporate Solutions	160,682	108,811
	Caisse Central de Reassurance	13,091	13,407
	Cologne Reinsurance Company	23	(394)
	Employers Reassurance Corporation	59,265	23,291
	Everest Reinsurance Company	32,883	29,952
	Folksamerica Reinsurance Company	21,690	26,076
	GE Frankona Rückversicherungs-Aktiengesellschaft	22,726	24,466
	GE Reinsurance Company	5,283	6,393
	General & Cologne Life Re of America	0	0
	Hannover Rückversicherungs-Aktiengesellschaft	71,376	60,983
	Insurance Corporation of New York, The	(14)	(171)
	Le Mans Re	22,307	8,448

Ontario

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
329,700	208,592	121,108	83	(4,109)
0	217,589	(217,589)	n.a *	420
329,700	426,181	(96,481)		(3,689)
213,110	159,511	53,599	n.a	2,978
244,711	193,887	50,824	92	(7,954)
886,834	766,084	120,750	89	360
0	0	0	n.a	0
1,532,939	1,259,443	293,496	n.a	278
523,685	411,183	112,502	74	6,999
2,666,289	2,371,955	294,334	n.a	72,232
1,021,998	858,615	163,383	63	13,720
24,938	4,147	20,791	n.a	291
6,921,394	5,865,294	1,056,100		86,106
97,477	59,548	37,929	164	(1,395)
45,260	21,012	24,248	34	2,344
836,373	535,801	300,574	74	61,037
61,252	37,064	24,188	84	(1,165)
28,719	4,002	24,717	(1,624)	1,362
994,422	663,564	330,858	n.a	60,835
388,818	277,557	111,261	66	23,155
150,416	102,529	47,887	116	(8,951)
72,468	74,102	(1,634)	n.a *	2,089
97,201	69,176	68,025	128	670
11,287	3,554	7,733	n.a	(1,017)
320,362	239,806	80,556	93	3,112
27,948	2,430	25,518	1,221	1,326
110,050	79,316	30,734	86	620

REINSURANCE COMPANIES

FINANCIAL SUMMARY

	year ended December 31, 2002 (in thousands)	Premiums assumed	Net losses incurred
	This table lists only those companies which are licensed solely for the business of reinsurance.	$	$
Note	**BRANCH cont.**		
28	Life Reassurance Corporation of America	0	0
	Munich Reinsurance Company	622,982	321,302
	National Reinsurance Corporation	0	666
	Nationwide Mutual Insurance Company	62	(9,326)
	Nederlandse Reassurantie Groep N.V.	4	(340)
	Nordisk Reinsurance Company A/S	15	35
	NRG Victory Reinsurance Limited	86	(1,170)
	NW Reinsurance Corporation Limited	0	(240)
	Odyssey American Reinsurance Corporation	69,383	60,333
	PartnerRe Sa	59,260	65,988
	Philadelphia Reinsurance Corporation	0	(332)
	Reliastar Life Insurance Company	35,035	35,863
	SCOR Vie	26,866	2,439
29	Sorema Insurance Company	0	0
	Sorema North America Reinsurance Company	(230)	3,496
	Swiss Re Italia S.P.A.	0	0
	Swiss Reinsurance Company	267,720	52,359
	Swiss Newa Insurance Company Limited	2,458	3,591
	Tan Re Insurance Company of America	58,609	6,444
	Transatlantic Reinsurance Company	62,349	20,488
		1,395,736	785,289
	Totals	2,630,986	1,346,168

*Six reinsurance companies with both life and property and casualty business, claims incurred as a percentage of earned premium provided in the report, pertains only to property and casualty business.

TOTAL COMPANY

Total assets $	Total liabilities $	Excess of assets over liabilities $	Claims incurred to earned premium %	Net income/ (loss) $
0	0	0	n.a	0
3,192,843	468,167	2,724,676	n.a*	105,097
3,549	1,058	2,491	n.a	(604)
36,587	10,323	26,264	4,386	2,373
5,752	1,641	4,111	(17,633)	433
1,574	393	1,181	254	(29)
34,387	7,290	27,097	(11,993)	2,278
23,148	7,879	15,269	(6,988)	1,102
128,247	92,779	35,468	93	(906)
74,114	226,035	(151,921)	n.a*	(154)
3,723	723	3,000	n.a	(34)
113,652	69,423	44,229	n.a	3,934
206,963	151,819	55,144	n.a	5,505
10,097	1,554	8,543	n.a	395
111,165	63,615	47,550	64	1,857
9,574	52	9,522	n.a*	292
1,486,302	100,462	1,385,840	n.a*	26,997
68,784	34,987	33,797	55	6,220
89,538	66,063	23,475	66	2,883
355,545	258,599	96,946	73	9,610
9,217,619	3,532,323	5,685,296		291,021
16,681,823	9,983,309	6,698,514		376,416

RECIPROCAL OR INTERINSURANCE EXCHANGES

FINANCIAL SUMMARY

ONTARIO BUSINESS

Note	year ended December 31, 2002 (in thousands)	Direct premiums written $	Direct claims incurred $
	ONTARIO		
	Canadian Lawyers Liability Assurance Society	17,346	8,400
	Canadian Universities Reciprocal Insurance Exchange	3,363	5,214
	Community Newspaper Reciprocal Insurance Exchange	72	33
	Healthcare Insurance Reciprocal of Canada	34,902	47,159
	Metro Public Education Insurance Exchange	0	0
	Municipal Electric Association Reciprocal Insurance Exchange	8,277	3,759
	Ontario Municipal Insurance Exchange	1,358	(2,063)
	Ontario School Boards' Insurance Exchange	22,174	22,542
		87,692	85,042
	BRANCH		
	Lumbermen's Underwriting Alliance	9,192	979
	Totals	96,884	86,021

TOTAL COMPANY

Total assets	Total liabilities	Excess of assets over liabilities	Claims incurred to earned premium	Net income/ (loss)
$	$	$	%	$
86,442	71,829	14,613	79	554
36,925	32,853	4,072	145	(3,154)
1,005	219	786	n.a.	(5)
210,043	140,501	69,542	139	(7,127)
0	0	0	n.a.	0
27,699	18,481	9,218	52	2,765
40,969	32,254	8,715	2,581	2,045
123,143	96,743	26,400	114	2,153
526,226	392,880	133,346		(2,769)
77,494	41,796	35,698	34	12,867
603,720	434,676	169,044		10,098

FRATERNAL SOCIETIES

FINANCIAL SUMMARY

year ended December 31, 2002 (in thousands)

Note		ONTARIO BUSINESS	
		Direct premiums written $	Benefits and payments to policyholders $
	ONTARIO		
	Guaranteed Funeral Deposits of Ontario (Fraternal)	24,459	22,007
	Teachers Life Insurance Society (Fraternal)	7,421	4,164
30	Toronto Police Widows' and Orphans' Fund	1,579	1,579
		33,459	27,750
	FEDERAL		
	ACTRA Fraternal Benefit Society	848	777
	Canadian Professional Sales Association	711	519
	Canadian Slovak Benefit Society	31	129
	Canadian Slovak League	15	890
	Grand Orange Lodge of British America, The	867	1,095
	Independent Order of Foresters, The	17,302	22,462
	Lutheran Life Insurance Society of Canada	12,705	18,301
	Order of Italo-Canadians, The	0	62
	Sons of Scotland Benevolent Association	111	268
	Ukrainian Fraternal Society of Canada	36	77
	Ukrainian Mutual Benefit Association of St. Nicholas of Canada	6	18
	Workers Benevolent Association of Canada	30	121
		32,662	44,719
	BRANCH		
	ACA Assurance	1,047	410
	Croatian Catholic Union of U.S.A. and Canada	11	17
	Croatian Fraternal Union of America	364	345
31	First Catholic Slovak Ladies Association of The U.S.A., The	0	0
	Knights of Columbus	75,963	28,199
	Royal Arcanum, Supreme Council of, The	130	69
32	Serb National Federation	0	0
	Ukrainian Fraternal Association of America	31	43
33	Ukrainian National Aid Association of America	0	0
	Ukrainian National Association	76	144
	United Commercial Travelers of America, Order of	155	70

			TOTAL COMPANY
Total assets	Total liabilities	Excess of assets over liabilities	Net profit/ (loss)
$	$	$	$
169,303	168,595	708	(161)
26,597	22,612	3,985	(166)
47,517	38,817	8,700	615
243,417	230,024	13,393	288
52,064	34,838	17,226	(567)
28,975	20,640	8,335	(240)
2,454	2,230	224	(544)
537	126	411	594
20,677	18,254	2,423	100
5,859,242	4,496,169	1,363,073	(49,495)
307,230	275,888	31,342	1,084
1,469	919	550	44
11,349	9,337	2,012	138
6,949	5,866	1,083	36
5,002	3,873	1,129	(131)
3,475	3,238	237	(200)
6,299,423	4,871,378	1,428,045	(49,181)
20,461	16,615	3,846	(195)
730	424	306	24
9,397	8,580	817	(574)
0	0	0	0
1,093,825	927,441	166,384	10,036
11,359	4,893	6,466	277
0	0	0	0
4,724	2,316	2,408	220
0	0	0	0
16,056	6,488	9,568	653
4,008	2,100	1,908	148

FRATERNAL SOCIETIES

FINANCIAL SUMMARY

year ended December 31, 2002 (in thousands)

Note		Direct premiums written $	ONTARIO BUSINESS Benefits and payments to policyholders $
	BRANCH cont.		
	Woman's Life Insurance Society	259	370
		78,036	29,667
	Total	144,157	102,136

TOTAL COMPANY

Total assets	Total liabilities	Excess of assets over liabilities	Net profit/ (loss)
$	$	$	$
11,109	8,496	2,613	506
1,171,669	977,353	194,316	11,095
7,714,509	6,078,755	1,635,754	(37,798)

Ontario

Financial Summary Notes

1 No financial information was reported in 2002 for Canadian Millers Mutual Insurance Company. The company was ordered "into liquidation effective December 13, 2001."

2 No financial information was reported in 2002 for Markham General Insurance Company. The company was ordered "into liquidation effective July 24, 2002."

3 "La Sécurité, assurances générales inc. transferred its "business to The Personal Insurance Company of Canada in August of 2002.

4 The former name of ACE INA Insurance is CIGNA Insurance Company of Canada.

5 No financial information was reported in 2002 for Alta Surety Company. The company was placed in liquidation in July of 2001.

6 The Dominion of Canada General Insurance Company and Chieftan Insurance Company amalgamated using the name The Dominion of Canada General Insurance Company.

7 The former name of ING Insurance Company of Canada is The Halifax Insurance Company. The company changed its "name effective January 3, 2002. Effective August 12, 2002" "ING Wellington Insurance Company, The Commerce Group" Insurance Company and ING Insurance Company of Canada amalgamated under the name ING Insurance Company of Canada.

8 The former name of The Personal Insurance Company is The Personal Insurance Company of Canada.

9 The former name of Primmum Insurance Company is Canada Life Casualty Insurance Company.

10 No financial information was reported in 2002 for Aegon Insurance Company (U.K.) Limited. Company ceased "operations effective February 7, 2003."

11 No financial information was reported in 2002 for Balboa Insurance Company. Company is inactive effective "December 13, 2002."

12 The former name of Combined Specialty Insurance Company "is Virginia Surety Company, Inc."

13 The former name of Employers Insurance Company of Wausau "is Employers Insurance of Wausau, a Mutual Company."

14 The former name of Sompo Japan Insurance Inc. is The Yasuda Fire & Marine Insurance Company Limited.

15 No financial information was reported in 2002 for Security Life Insurance Company. Their business was transferred to Co-operators Life Insurance Company.

16 Desjardins-Laurentian Life Assurance Company Inc. and The Imperial Life Assurance Company of Canada amalgamated using the name Desjardins Financial Security Life Assurance Company.

17 No financial information was reported in 2002 for Clarica Life Insurance Company. The company amalgamated with Sun "Life Assurance Company of Canada effective January 9, 2003."

18 No financial information was reported in 2002 for Confederation Life Insurance Company. The company is being wound up under the provisions of the Winding-Up Act.

19 The Empire Life Insurance Company and Concordia Life Insurance Company amalgamated using the name The Empire Life Insurance Company.

20 The former name of Manulife Canada Ltd. is Zurich Life Insurance Company of Canada.

21 Royal & Sun Alliance Life Insurance Company of Canada and The Maritime Life Assurance Company amalgamated using the name The Maritime Life Assurance Company.

22 Toronto Mutual Life Insurance Company and The Western Life Assurance Company amalgamated using the name Unity Life of Canada

23 No financial information was reported in 2002 for Balboa Life Insurance Company. Company is inactive effective "December 13, 2002."

24 The former name of Phoenix Life Insurance Company is Phoenix Home Life Mutual Insurance Company.

25 The former name of Stonebridge Life Insurance Company is J.C. Penny Life Insurance Company.

26 No financial information was reported in 2002 for Odyssey Reinsurance Company of Canada. Company is inactive "effective December 2, 2002."

27 The former name of Suecia Reinsurance Company is Trygg- Hansa Reinsurance Company of Canada.

28 No financial information was reported in 2002 for Life Reassurance Corporation of America. Company entered into novation agreements with Swiss Re Life & Health Canada.

29 The former name of Seaton Insurance Company is Unigard Security Insurance Company.

30 The former name of Toronto Police Widows and Orphans Fund is Metropolitan Toronto Police Widows' and Orphans Fund.

31 No financial information was reported in 2002 for The First Catholic Slovak Ladies Association of the U.S.A. The society is in the process of being wound up.

32 No financial information was reported in 2002 for Serb National Federation. The society is in the process of being wound up.

33 No financial information was reported in 2002 for Ukrainian National Aid Association of America. The society is in the process of being wound up.